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SALARY LOAN BUSINESS IN NEW YORK CITY

By

CLARENCE W. WASSAM, A.M.

Submitted in partial fulfillment of the requirements
for the Degree of Doctor of Philosophy
in the
Faculty of Political Science
Columbia University

NEW YORK
1908

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of the City of New York

ERRATA.

Page 34, line 2, "seven offices" should read, "six offices."

Page 82, line 6, "$14.49" should read, "$13.49."

Page 64, "H. C. Courtwright" should read, "H. A. Courtright."

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I.

INTRODUCTION.

The necessity of borrowing money for a short period of time is as old as the money economy under which it arises. It is common to the man of large and of small means, to the *entrepreneur* in business and to the man who works for a daily wage. Very few successful men could have attained their present position had it not been possible for them to secure loans in time of temporary need. Business experience furnishes innumerable illustrations of financial ruin because of inability to secure short time loans. It is not contended that borrowing should be encouraged, nor that the secret of success is found in the ability to secure a loan in time of need, but it is a fact that judicious borrowing is frequently an absolute necessity.

Shakespeare has immortalized the man who takes an unnatural advantage of another's necessity to secure an unreasonable demand. In all ages it has been the man least able to pay the high rate and least able to protect himself who has been the object of the usurer. Such is the case at the present time. The business man when he secures a loan from his bank finds that the strong arm of the law has so regulated the banking business that the borrower is reasonably well protected. He also finds that there is no special disgrace connected with a loan secured by a mortgage on his real estate or on his business. His friends consider that he is speculating and is prosperous. The maxim that "One never becomes rich until he is in debt" is considered sound in the business world. A very different condition of affairs exists when a man is compelled to

borrow money for purposes of consumption. There is a reason for this difference. The one man used the money he borrowed as an investment, while the other man borrowed as a last resort to maintain his economic independence.

The man who loans money to the latter type of borrower is very likely to be considered cruel and unreasonable if he attempts to collect his debt when the borrower is unable to pay. The very fact that it is necessary for an individual to borrow to meet living expenses is evidence that it will be difficult for him to meet his obligations. This condition of affairs naturally increases the risk of the loan, for which there should be a reasonable return. The position of the borrower is uncertain and the amount of the loan is small, and both of these considerations require a higher rate of interest. It is therefore evident that in order to conduct a business in which a small loan is made to salaried employees secured by an assignment of wages, it is necessary to charge a higher rate of interest than the ordinary legal one. These facts are often overlooked by the ordinary individual and when a money lender charges more than the legal rate he is immediately marked as a usurer. This popular opinion is reflected in the laws of the several states, practically all of which provide for a general usury law, but very few make any exception as to the amount of the loan or the nature of the security offered. The bill recently introduced in the House of Representatives at Albany by Representative Herrick from the Borough of Manhattan, New York City, is a good illustration of this type of legislation. It provides that to charge more than 6 per cent *per annum* upon small loans secured by salary or household furniture shall be a misdemeanor.

The presence of a very definite economic need, and the absence of legislative protection to any organization which would legitimately fill such a need, has resulted in the development of the salary money lenders, commonly known as "loan sharks." Their operations are very extensive and they do a large business in practically all of the important cities of the United States. They either openly ignore the law or evade the spirit of it by some scheme of administration cleverly devised and charge a rate

of interest which is believed to be not only sufficient to pay for the additional risk which they take, but adequate to secure enormous profits for those engaged in the business.

It is the purpose of this study to describe the salary loan business as it is conducted in New York City at the present time. The facts presented in the subject matter have been obtained through personal acquaintance with employees who have had loans with the different companies and personal interviews with owners, managers and collectors of different offices.

Facts are at hand concerning one hundred and thirty-two different employees who have had loans with different companies. The managers of twelve different offices were interviewed concerning the methods used in their business. Since several of the managers consulted were in charge of offices which had branches under different names, the number interviewed shows the business method of twenty of the most prominent offices in the city. The relation between the writer and the owner of two large offices and the managers of five important offices was such that a considerable amount of information from their point of view was secured.

II.

THE TRANSACTION.

A loan on salary is the advance of money by an individual or corporation to a salaried employee. The security given by the employee who obtains the money is an assignment of his wages due or to become due. This transaction has been called a loan without security, which in reality it is. In practice, however, in the majority of cases the lender is in a secure position; he loans only to individuals who have steady employment, and whose employers will recognize an assignment. The loans are of small amount, varying from $10 to $35, and the borrower must have a weekly wage sufficient to pay the full amount in case the company is required to pay the lender. The attitude of different employers toward the assignment of the wages of their employees is a matter of careful record on the part of the salary money lenders. If an employer will discharge a man when it is known to him that he has assigned his salary, the employees of this firm are considered good risks. It may appear to be a contradiction of terms, that a man in danger of losing his position will be a better risk than one who is not in such danger, but the explanation is simple. One of the chief points which all loan companies emphasize is that the transaction will be perfectly confidential and that the employer shall never know of the assignment. When the employee has broken the rule of the company and made the assignment of his wages, then it is that the loan company threatens to notify the employer, and rather than lose a good position the employee will pay the charges demanded by the loan company. From a legal point of view this threat is of little value, but in practice it is most effective.

The loan companies do not rely entirely upon intimidation and fear in the collection of their money. They require the borrower to sign a bill of sale of his salary or authorize an attorney to do the same for him. In case the matter is brought before a court it is contended by the loan company that the transaction is not a loan of money but a purchase of salary, like the purchase of any other commodity; and since the transaction is one of purchase and sale there can be no claim of usury. In the majority of cases the loan company demands in addition to the assignment of the salary of the borrower the assignment of the wages of from one to three other employees. These assignments become effective if the borrower fails to meet his obligations.

A few illustrations will aid in the understanding of the transaction. A salaried man is in need of money. He has a good position and receives fair wages, but an emergency arises in which his income will not meet the demands made upon him and he is compelled to secure a small loan. He calls at a loan broker's office and applies for a loan. If his references are good and the firm by which he is employed has a rule prohibiting any employee from making an assignment of his wages under penalty of discharge, the money is secured without difficulty. The necessary papers are signed, by which he agrees to pay a certain amount each week until the debt is canceled. If he meets the payments promptly the transaction is closed; the borrower receives a receipt in full and his signature from the papers signed; and the documents themselves are destroyed. In case of failure to meet a payment when due, he is at once notified that his part of the agreement has not been fulfilled, that the promise of secrecy is no longer binding and unless the matter is settled at once his employer will be notified. The danger of losing a good position is generally sufficient to force the payment of whatever the loan company demands. When the borrower is employed by a private concern whose attitude toward an assignment of the wages of an employee is unknown, or when the loan company for any reason questions the security offered by the borrower, from one to three endorsers are required as additional security. Should the investigation of the applicant and the endorsers prove

favorable the money is advanced. In this way the wages of several different employees become surety for the loan.

If for any reason the borrower defaults in his payments a notice of assignment is filed upon the employer of each of the assignees, at the same time and for the same amount. In one of the cases investigated the borrower was discharged by his employer before his obligation was fully met, causing a default in payment. The employer of the first endorser refused to recognize the file. He considered the debt unjust and was desirous of protecting his employee. Therefore when the representative of the loan company called he informed him that the man was no longer in his employ. The employer of the second endorser recognized the file and withheld the employee's wages. The loan company then demanded the entire amount with additional charges, ([a]) before the file would be released, although the original contract stipulated that payments should be made weekly. The most unfortunate part of the situation was that the employer not only withheld the amount necessary to satisfy the loan but the entire amount of his wages until the release was secured. It was with the utmost difficulty that the amount necessary to pay the exorbitant rates charged by the loan company was secured and the release obtained.

The transaction is of a slightly different character when the borrower applies to one of the brokers ([b]) of H. A. Courtright of Providence, R. I. In a case recently investigated the borrower made his application in the office of Howard, 73 West Eleventh street. The necessary papers were signed and one dollar commission was paid the broker for his services in securing the loan. The broker agreed to return the commission in case the loan was not secured. The next day the applicant received a check dated at Providence, R. I., and signed by H. A. Courtright, for the amount of the loan. Enclosed with the check was a statement to the effect that the said H. A. Courtright had purchased several notes signed by the borrower and that they were payable at Providence, R. I. The amount of each note and the

(a) See page 37 *et seq.*
(b) Howard, Chesterkirk, Graham.

date of payment were also included. Several payments had been made by money order when one was delayed. The morning following the date when the delinquent payment was due the borrower received a letter from the Coast Cities Collection Company, notifying him that the payment had not been made when due and informing him that as a result there was now due, in addition to the regular payment, a protest fee and a collection fee, all of which must be paid at once or his employer would be notified to withhold his salary. The Coast Cities Collection Company is ostensibly an independent concern which is employed by H. A. Courtright to collect his notes in New York City. In this particular case the borrower was without collateral to secure a loan or friends able to advance him the desired amount. He was therefore forced to go to another loan company and assign his wages again in order to secure the amount necessary to pay the loan and to secure the release of his wages.

III.

REASONS FOR THE TRANSACTION.

A distinctly philanthropic air is assumed by some of the owners of salary loan offices in New York City. Their speech and attitude are designed to inspire the belief that their motives are altruistic; that their offices have been opened primarily to aid the poor; and that any charge for their services would be a gross violation of their ethical code. The advertisements in the daily press and the circulars sent out by the different offices are of the same tenor. One of the most appealing expressions of this philanthropic spirit is contained in a circular ([a]) sent to an employee of the Interborough Rapid Transit Company from the office of Walter Graham, 150 Nassau Street: "In case you haven't all the money you need, . . . I can be of service to you. I can save you time, trouble, annoyance and expense. If you have a loan from another company and are in trouble come and see me. I will pay it for you."

Acting upon a similar offer contained in another advertisement, an employee obtained a loan of $13.25, for which he paid $25.48 in six weeks. At the end of this time his failure to meet a payment promptly resulted in a file upon his wages which cost him his position.

The real motive of the loan company is not philanthropy but profit, and every effort is used to secure the largest returns possible. The motive is legitimate. The loan broker performs a service for which he has a right to demand adequate remuneration. The stockholders of banks and similar organizations are not criticized for charges necessary to realize a fair

(a) See page 49.

return on the capital invested. The grocer, the merchant and the tailor all receive, and justly so, a fair return for their labor. It is only when need or weakness is exploited that adverse criticism arises.

The borrower, on the other hand, is led to the door of the salary loan broker by a feeling of need, either real or imaginary. As a rule the occasion is a temporary emergency which cannot be met from regular income. The cause of his disability may be the resultant of any or all of those economic forces which surround the ordinary laboring man in New York City.

The Committee ([a]) on the Standard of Living appointed by the State Conference of Charities and Correction of the State of New York as a result of its investigation found that a considerable proportion of the families studied in Greater New York were not receiving a sufficient wage to maintain a reasonable standard of living. It is a regrettable fact that a very large proportion of the families of laboring men in the city spend their entire income on what appear to be the bare necessities of life. In the presence of any unusual expenditure they are utterly helpless, unless a loan is secured which may be repaid in small installments.

In the cases investigated for the present study there were a number of different circumstances which had brought unusual expense upon the family and compelled them to seek a small loan. Sickness or death in the home is perhaps the most common cause of temporary need. The experience of a young man in the employ of the New York Central Railroad is an illustration. His mother had been ill for some time and the attending physician had prescribed a trip to the country as the only means of recovery. The son's salary had been sufficient to meet the ordinary expenses of the home, but this added burden was unprovided for. As there was no other source from which the son could secure the money he went to a loan broker, who furnished him the necessary amount. It was repaid in small weekly payments, the assignment of his sal-

(a) See Report of Committee on the Standard of Living. New York State Conference of Charities and Correction—Proceedings, 1907.

ary serving as security. In another case the death of a man's wife from tuberculosis was the occasion which made necessary a loan secured by the assignment of his wages.

A similar drain upon the resources of the marginal laborer is the custom of demanding rental in advance. This, coupled with the expense of moving when for any reason new quarters are required, frequently exceeds the savings of a household, making an advance from some source a necessity. A man who had been out of employment for some time, found that when he had secured a position his landlord raised the rent to an amount which was beyond his ability to pay, and he was forced to seek cheaper quarters. A suitable apartment within his means was found, but to secure the advantage of the change, it was necessary to have a sufficient amount of cash to pay both the rent a month in advance and the cost of moving. He could not raise the amount, as the high rent he was already paying, with his small salary, made saving impossible. A small loan was sought which could be repaid in small weekly payments. An assignment of his wages and a mortgage upon his household furniture was offered as security. In spite of a very extended search for over two months, he was unable to find a place where he could secure the desired loan, except from the loan brokers, who charge such an exorbitant rate of interest that it was hopeless for him to attempt to pay it. The experience of this man is believed to be typical of a large number of individuals in New York City.

A young man who has an extensive acquaintance in the city reports that it is a common practice among clerks and young employees to borrow a small amount of money when in need of a suit of clothes or anything which requires an unusual expenditure, their reason for doing so being that they consider it more advantageous to borrow the money and repay it in small weekly payments than to buy either on credit or on the installment plan. Life insurance premiums, interest on mortgages and similar obligations, Christmas and birthday presents are some of the less frequent but still not uncommon objects for which money is secured from the loan brokers. An enumeration of the causes which lead men to borrow money would not be

complete if it failed to mention gambling. The temptation to gamble is especially strong if a debt is owed which it is impossible to meet from current income or other available resources. In such cases small loans are obtained in the hope that the proper turn of a card or selection in a race will result in a sum necessary to cancel the entire debt.

It is the opinion of a prominent money lender in the city that about seventy-five per cent of the individuals who borrow from loan companies are men with families who are temporarily in need and are helped out of difficulty by a loan, and that twenty-five per cent are men who could get along better without the money, as it is spent in gambling, intemperance and vice. The managers of five different loan offices expressed the opinion that a majority of persons who patronize their offices are men with families who are honest and industrious, but who have met some temporary emergency which the loan helped them to overcome.

Undoubtedly a large number of the men borrow because of a temporary need, and by repaying the loan in small weekly installments are soon out of debt. The service rendered by the loan company in such cases is of great importance. The family is thereby spared the humiliation of seeking aid from friends or from charity, the temporary emergency is overcome, the family is again self-supporting, and through it all the community has not been called upon for assistance.

It is evident, therefore, that under present conditions in New York City there is a very definite economic basis for organizations which advance money in small sums to salaried employees, secured by the only collateral which they possess, viz., an assignment of their wages. The evils in the present system should be remedied, the poor who are compelled to borrow in time of need should be protected from the unjust charges of the money lender, but care should be taken not to destroy the present system until something better has been developed to take its place.

IV.

VOLUME OF BUSINESS AND CAPITAL EMPLOYED IN NEW YORK CITY.

An examination of the books of all the salary loan offices in New York City would be necessary in order to secure an accurate statement of either the amount of capital employed or the volume of business transacted. This, at the present time, is obviously impossible. There are several methods, however, of making a reasonably satisfactory estimate. A very common way of estimating the extent of any business is a study of the amount expended for advertising. It is safe to conclude that no company will spend more for advertising for any considerable length of time than its business will warrant.

The table on page 23 gives the amount spent for advertising in the leading English and German daily papers ([a]) for the weeks ending September 25, October 9, and December 5, 1907.

The total amount expended for the week ending September 23 was $686.28; for the week ending October 9, $688.01; for the week ending December 5, $807.17. The average weekly cost for the three weeks was $727.15. Based upon this average the salary loan companies expend annually $37,811.80 for newspaper advertisements. This is only a portion of the whole amount, as a large sum is expended in sending out personal letters and

(a) The following papers were consulted: The New York Herald, The New York Times, The World (morning edition), New York American, New Yorker Staats Zeitung, The New York Press, The Sun (morning edition), New York Tribune, The Morning Telegraph, New Yorker Morgen-Journal, New York Commercial, The Journal of Commerce, The Wall Street Journal, The Brooklyn Daily Eagle, The Daily Standard Union, The Brooklyn Times, The Brooklyn Citizen, The New York Evening Post, The Evening Sun, The Evening Mail, The World (evening edition), The Evening Telegram, The Globe, The New York Evening Journal.

ADVERTISEMENTS FOR LOANS ON SALARY APPEARING IN THE NEW YORK CITY PAPERS FOR THE WEEKS ENDING SEPT. 25, OCT. 9, AND DEC. 5, 1907.

NAME OF PAPER.	Week Ending Sept. 25, 1907.			Week Ending Oct. 9, 1907.			Week Ending Dec. 5, 1907.			Total Number of different Firms Advertising	Average Number of Lines Per Week	Average Cost Per Week	Estimated Annual Cost
	Number of Firms Advertising	Total Number of Lines	Total Weekly Cost	Number of Firms Advertising	Total Number of Lines	Total Weekly Cost	Number of Firms Advertising	Total Number of Lines	Total Weekly Cost				
THE WORLD (Morning Edition)	18	1615	$355.07	17	1677	$359.36	20	2109	$451.92	20	1800	$388.78	$20,216.56
THE NEW YORK AMERICAN	11	994	212.85	11	956	204 86	10	1106	237.00	11	1019	218.24	11,348.48
THE NEW YORK PRESS	8	933	93.30	10	926	92.60	10	903	90.30	10	921	92.06	4,787.12
THE EVENING TELEGRAM	4	120	20.40	4	122	20 74	4	137	23.29	4	126	21.48	1,116.96
THE NEW YORK EVENING JOURNAL	1	70	4 66	1	29	1.65	1	70	4 66	1	56	3.66	190.32
THE NEW YORK HERALD				1	22	8.80				1	7	2.93	152.36
TOTAL	23	3732	$686.28	23	3732	688.01	25	4325	$807.17	25	3929	$727 15	$37,811.80

printed circulars. Seventy-five thousand dollars would be a very conservative estimate of the total amount which the different companies spend annually in some form of advertising. This method of estimating the volume of business is somewhat uncertain, but if $75,000 is expended annually for advertising it is evident that the salary loan companies are doing a large business.

The amount spent for advertising is more significant when it is remembered that several of the companies do no advertising whatever, and others carry only a small amount compared with the extent of their business. The latter type is illustrated by the following advertisement:

> EMPLOYEES who need money, appreciate absolute privacy, prompt action, address Box 284, Madison Square.

A gentleman who has had extensive experience with different loan companies divulges the fact that the answering of this advertisement convinced him that there are three large offices, each of which is doing an extensive business, all known to the outside world as "Box 284, Madison Square."

An estimate of the amount of circulating capital employed and the annual volume of business done, which is believed to approach accuracy, is based upon the opinion of managers of different loan offices expressed in conversation with their friends.

Six managers and the owner of two large offices, all in the City of New York, were unanimous in the belief that an average of about $10,000 capital is employed in each office. Some of the offices are known to have less and some are believed to have more. The same individuals agreed that the average office has from 800 to 1,000 live accounts. The average loan is about $20.00 and the method of weekly payments makes an average of about $10.00 which each individual has of the capital at any one time. Thus a capital of $8,000 would furnish 800 customers with a loan of $20 cash to be repaid in weekly payments. A capital of $10,000 would furnish 1,000 customers with the same amount. Since the loans are for a short period, it is possible to do a much larger business than the amount of capital would indicate. If the loans

were made for an average of twelve weeks the capital could be loaned at least four times during the year, making possible a $40,000 business on a circulating capital of $10,000, if no part of the accumulated interest were added to the capital. The majority of the loans, however, are for a shorter period, which enables the manager to turn over his capital more frequently, thereby increasing the volume of business.

The opinion of a man who has been very closely connected with the loan business for the past ten years, who has studied conditions in several of the large cities of the United States and who has himself been manager of a loan office for a number of years, agrees with the conclusions which have been stated above. He believes the very nature of the business makes the handling of more than one thousand active accounts in one office unprofitable.

It is extremely difficult to ascertain the number of salary loan offices (a) in New York City. Some of them do not advertise and some advertise under different names. Thirty different offices, however, are known, and it is probable that the whole number is very much larger. Based upon the minimum number of offices there would be about $300,000 capital invested, which would make possible a business of $1,200,000 annually, if the loans were made for an average of twelve weeks. This is believed to be a very conservative estimate.

The number of persons directly influenced by the loan business includes not only the employee but his family as well. Assuming that the average office has one thousand customers, there would be thirty thousand employees who are making payments every pay day, to the loan companies. There are some duplicates included in this number, but they are more than overbalanced by the conservative estimate of the number of offices. Inasmuch as a large majority of those who borrow are married men with families, it is reasonable to conclude that at least one hundred thousand individuals in New York City are directly affected by the salary loan business. A considerable number of individuals who are in a position to judge believe that the extent

(a) For a list of the most important offices in the city with their addresses see Appendix XIX, page 122

of the business in New York City is larger than the preceding figures would indicate. An employee of the largest transportation company in the city believes that at least 90 per cent of his fellow employees have loans secured by an assignment of their wages. Another employee of the same company stated that practically every man he knows on the road had been involved at some time with a loan company. The eastern manager of a large transcontinental freight company stated to the writer that after an experience of twenty years with clerks and employees of different concerns in New York City, he was convinced that the salary loan business is much more extensive than is generally believed. A young lady who collected several years for one of the companies found that practically all of the employees in several of the large downtown business houses were indebted more or less to the loan companies.

This large estimate which is made by the employees and collectors for different loan companies is denied by employers. Their chief method of securing information is by the number of files upon salaries which they receive. This number is necessarily small because in a large proportion of cases the employee will lose his position when a file is made upon his wages. The superintendent of an important publishing house said to the writer that none of his employees had loans with the salary loan companies. He also stated that if information came to him of any who had such loans they would be discharged. Immediately before the conversation with the employer, the writer had concluded an interview with four of his employees, who worked in an adjoining room, all of whom were seriously involved with a loan company. One of the four was a married man with a family of six children, who had been paying an exorbitant rate of interest for nearly two years, under the threat that if he refused his employer would be notified. The assistant manager of a large transportation company congratulated his firm upon the fact that since they had begun the practice of discharging an employee when a file was placed upon his wages, that they had succeeded in keeping their employees from being exploited by the loan companies. Managers of five different loan offices in the city each told the

writer that the names of a large number of the employees of this company appeared on their books, and that these men were considered the best of risks, because the only thing necessary to collect from a delinquent borrower from this company was a threat that the assistant manager would be notified of the assignment of wages. The private secretary to the treasurer of this same company received a commission of 6 per cent from the loan company ([a]) for every loan which an employee secured. It was his duty to assist the loan company in securing information about men who applied for loans.

The statements made by the managers of a considerable number of other establishments and the subsequent investigation of a number of their employees who had loans with the salary loan companies has convinced the writer that the two cases cited are typical of general conditions in establishments in which the employer will discharge a man when it is known that he has given an assignment of his wages.

(a) The amount of commission paid the assistant treasurer for April, May, June, July, August, September and October, 1907, according to the books of one loan company, is on file in the Bureau of Social Research.

V.

CHARGES.

The nature of the salary loan business necessitates a higher rate of interest than that charged by the ordinary banking corporation. In every state which has seriously attempted to regulate and not prohibit loans on salary the legal rate has ranged from 1½ to 3 per cent per month, depending upon the amount of the loan. The bill recently introduced in the Legislature of New York by Assemblyman Herrick of the Borough of Manhattan, making it a misdemeanor to charge more than 6 per cent *per annum* on a loan secured by an assignment of wages, would, if enacted and enforced, absolutely prohibit this line of business.

The rate of interest should always be proportional to the risk taken and the expense involved. This is clearly brought out by an exhaustive study (a) of pawnbroking in Europe and the United States, by Dr. William R. Patterson, now of the Bureau of Municipal Research, in which illustrations are given from different foreign countries and different states in the United States where the law permits a considerably higher charge than the ordinary legal rate. There are several reasons for this higher charge. The value of an assignment of wages to be earned in the future is dependent upon two conditions: the permanency of the position and the collection of the salary. There are many influences which affect the security of such a loan. At present it is possible in New York City for the same individual to obtain loans

(a) Pawnbroking in Europe and the United States, by W. R. Patterson, U. S. Bulletin of Labor, Vol. 4, p. 173, *et seq.*

from several different companies at the same time, all of which are secured by an assignment of his wages. Should this individual refuse to meet his payments the assignment of salary would be insufficient to cover the loans with the different companies. It is also possible for the borrower who has loans with different companies to collect his wages and disappear. It is true that the "tracer" will probably find him, but the additional expense must be considered in any attempt to establish a reasonable rate. Another reason for the higher charge is that the loans are for a small amount and are paid for the most part in weekly installments. This necessitates a comparatively large administrative expense. An extensive system of investigation is necessary for any salary loan company in order to protect itself, and this is especially large when compared with the amount of the individual loan. Lack of definite legal protection and the constant danger of court expense must also be considered in the determination of a reasonable charge.

The important question concerning salary loan companies in New York City at the present time, so far as rates are concerned, is whether the rates charged by the different loan companies are necessary in order to secure a fair return upon the investment or whether the necessity of the borrower has been exploited in securing an exorbitant charge.

Table 1 shows the amount of cash received, the conditions of payment, the total amount repaid, and the amount repaid in excess of the amount borrowed for the important loan companies. The loans are grouped according to the approximate amount of each. When loans from the same company for the same amount, but under different conditions of payment, had been investigated, the one the writer found most frequently in his investigation was the one used in the following table. The loan companies are represented by letters of the alphabet. The names and addresses of the companies which the letters represent are on file in the Bureau of Social Research.

The object of the following table is twofold: to show the actual charges of the companies and to afford a comparison

TABLE 1.

TABLE SHOWING CHARGES (*d*) OF SALARY LOAN COMPANIES IN NEW YORK CITY.

Company.	Amount of cash received by the borrower.	Weekly Payments.		Total amount paid by the borrower.	Amount paid in excess of cash received.
		Amount of each.	Number.		
S (*c*)	14.00	1.95	12	23.40	9.40
F	13 25	3.00	6	18.00	4.75
I	13 25	3.00	6	18.00	4.75
N	17.50	2.10	12	25.20	7.70
R (*c*)	17.00	2.00	12	24.00	7.00
L	15.00	2.00	10	20.00	5.00
E	15.00	2.00	10	20.00	5.00
K	15.00	1.50	14	21.00	6.00
C	15.00	1.50	14	21.00	6.00
P	18.00	2.00	12	24.00	6.00
J	18.00	2.00	12	24.00	6.00
I	20.00	5.00	5	25.00	5.00
F	20.00	5.00	5	25.00	5.00
D	20.00	5.00	5	25.00	5.00
N	21.00	2.50	12	30.00	9 00
R (*c*)	21.50	2.50	12	30.00	8.50
K	20.00	2.00	14	28.00	8.00
C	20 00	2.00	14	28.00	8.00
E	20.00	2.25	12	27.00	7.00
A	20.00	1.50	20	30.00	10.00
P	22 50	2.50	12	30.00	7.50
J	22.50	2.50	12	30.00	7.50
T	20.00	25.00	1(a)	25.00	5.00
M	24.00	4.00	8	32.00	8.00
N	25.00	1.75	24	42.00	17.00
Q	25.00	2 95	12	35.40	10.40
R (*c*)	26.00	2.45	16	39.20	13.20
I	24.00	5.00	6	30.00	6.00
G	24.50	4.00	8	32.00	7.50
D	24.00	5.00	6	30.00	6.00
F	24.00	5.00	6	30.00	6.00
O (*c*)	24.00	2.25	16	36.00	12.00
P	27.00	2.45	16	39.20	12.20
J	27.00	2.45	16	39.20	12.20
L	25.00	2.85	12	34.20	9.20
C	25.00	2.50	14	35.00	10.00
K	25.00	2.50	14	35.00	10.00
E	25.00	3.00	11	33.00	8.00
H	25.00	2.75	12	33.00	8.00
B	25.00	30.00	1(a)	30.00	5.00
R (*c*)	26.00	3.00	12	36.00	10.00
C	30.00	3.00	14	42.00	12.00
K	30.00	3.00	14	42.00	12.00
P	27.00	3.00	12	36.00	9.00
J	27.00	3.00	12	36.00	9.00
N	30.00	3.25	12	39.00	9.00
G	30.00	20.00	2(a)	40.00	10.00
E	30.00	3 00	13	39.00	9.00
M	35 00	3.25	16	52.00	17.00
R (*c*)	34.00	2.65	20	53.00	19.00
D	34.00	2.65	20	53 00	19.00
N	36.00	6.75	8(b)	54.00	18.00
C	35.00	3.50	14	49.00	14.00
K	35.00	3.50	14	49.00	14.00
J	35.00	2.65	20	53.00	18.00
P	35.00	2.65	20	53.00	18.00
Q	35.00	2.65	20	53.00	18.00
H	35.00	2.60	20	52.00	17.00
E	35 00	4.50	10	45.00	10.00
N	40 00	3.15	20	63.00	23.00
J	40.00	3.15	20	63 00	23.00
P	40.00	3.15	20	63.00	23.00
C	40.00	4.00	14	56.00	16.00
K	40.00	4.00	14	56.00	16.00
R (*c*)	39.00	9.00	6(b)	54.00	15 00
O (*c*)	39.00	8.90	6(b)	53.40	14.40
E	40 00	4.00	13	52.00	12.00

(a) Monthly payments.
(b) Semi-Monthly payments.
(c) Commission of $1.00 charged upon first loan. Charges are given for the first loan.
(d) In each group the loans are arranged according to the amount of charges.

of the charges of the different companies upon loans of approximately the same amount. The table was compiled from loans actually negotiated. This precluded the possibility of using examples involving loans of exactly the same amount for different companies. The loans are arranged in six groups: (1) loans approximating $15.00, (2) loans approximating $20.00, (3) loans approximating $25.00, (4) loans approximating $30.00, (5) loans approximating $35.00 and the last loans approximating $40.00. The highest gross charge in the table is by S on a loan of $14.00 payable in twelve weekly payments of $1.95 each. The lowest gross charge is by B on a loan of $25.00 payable in one month. The charges vary considerably with the different companies and for different amounts. Companies R, O, and S charge a commission of $1.00 upon the first loan. The charges in the table are upon the first loan. In case an additional loan is taken with any of these three companies the charge is $1.00 less. The time for which the loans were secured varies from one month in the case of T and B to twenty weeks in the case of several of the other companies. The average time for all the loans given in the table is about 13 weeks. The payments were weekly, semi-monthly, or monthly. About 90 per cent of them were weekly. The frequency of the payments is determined by the pay day of the employee. The loan company makes it a rule to have the payments become due either the day when the borrower receives his salary or the day following. The amount of the weekly payments varies from $1.50 to $5.00, the semi-monthly payments from $6.75 to $9.00.

Thus it is evident that the policy of the loan companies is to keep the payments reasonably small. The manager of one of the loan offices in the city said to the writer: "We prefer to make the payments small because it is much easier to collect a small payment than a large one."

Table 2 shows the amount of cash received by the borrower, the conditions of repayment, the total amount repaid, the difference between the amount of cash received by the borrower and the amount repaid in installments, and the

gross per cent of return upon the loans of different amounts by one of the leading loan offices of the city.

TABLE 2.

TABLE SHOWING TOTAL CHARGES EXPRESSED IN TERMS OF AN INTEREST RATE, (c) UPON SELECTED LOANS MADE BY ONE REPRESENTATIVE SALARY LOAN COMPANY.

Amount of cash received by the borrower.	Payments.			Total amount paid by the borrower.	Amount paid in excess of the amount of cash received.	Total charges expressed in terms of the interest rate per interval (a)	Total charges expressed in terms of an annual interest rate. (b)
	Amount of each.	When due.	Number.				
$17.00	$2.00	Weekly	12	$24.00	$7.00	5.750	1731
21.50	2.50	"	12	30 00	8.50	5.539	1550
26.00	2.45	"	16	39 20	13.20	5.300	1366
26.00	3.00	"	12	36.00	10.00	5.393	1435
34.00	4.00	"	12	48.00	14.00	5.750	1731
34.00	2.65	"	20	53.00	19.00	4.660	968
39.00	9.00	Bi-Weekly	6	54.00	15.00	10.199	1149
40.00	4.50	Weekly	12	54.00	14.00	4.947	1132
40.00	20.00	Monthly	3	60.00	20.00	23.379	1144

(a) Rate shows the per cent of gross return to the loan office if none of the amount paid by the borrower in excess of cash received by him is loaned; i. e., if no portion of gross profits is added to capital.

(b) Rate shows the per cent of gross return to the loan office if all of the charges were immediately loaned when they were received; i. e., if gross profits are immediately added to capital account.

(c) Interest rate computed by Mr. H. W. Robertson, F. A. S.

The charges given in the preceding table are approximately the same as those of the other loan offices in the city as the company in question is one of the oldest concerns and the rates in the other offices are based largely upon those used by this company. The company is designated as R in table 1, and a study of that table will show that the rates charged are as near an average as those of any company that could be selected. The charges given in the table are for the first loan in each case, and since there is a charge of $1.00 commission upon the first loan charges upon succeeding loans would be less. The charges expressed in the rate of interest per interval show the gross income to the

loan office if none of the charges received are used in making new loans. The same charges expressed in terms of an annual interest rate show the gross income to the loan office if all the charges received are immediately loaned at the same rate. The actual situation lies between these extremes. It is impossible to determine what proportion of the charges is loaned by the salary loan offices in New York City; but the fact that several of the largest companies have recently opened branch offices creates a strong presumption that some share of charges periodically received is used for making new loans. The company represented in the table under discussion is a good illustration of the tendency to expand by re-investing profits. It has three different offices in Greater New York, and one or more offices in over sixty different cities in the United States and Canada.

Tables 3, 4, 5 and 6 are given to show the charges made by the several loan companies upon the different loans investigated by the writer.

TABLE 3.

TABLE SHOWING CHARGES MADE BY PATTERSON AND COMPANY(a) UPON DIFFERENT LOANS.

Amount of cash received by the borrower.	Payments.			Total amount paid by the borrower.	Amount paid in excess of cash received.
	Amount of each.	When due.	Number.		
$17.50	$2.10	Weekly	12	$25.20	$7.70
18.00	6.00	Bi-Weekly	4	24.00	6.00
20.00	10.00	Monthly	3	30.00	10.00
21.00	2.50	Weekly	12	30.00	9.00
25.00	1.75	Weekly	24	42.00	17.00
25.00	17.00	Monthly	2	34.00	9.00
27.50	4.90	Bi-Weekly	8	39.20	11.70
28.00	6.70	Bi-Weekly	6	40.20	12.20
30.00	3.25	Weekly	12	39.00	9.00
36.00	6.75	Bi-Weekly	8	54.00	18.00
40.00	3.15	Weekly	20	63.00	23.00
54.00	4.00	Weekly	20	80.00	26.00

(a) According to the record on file in the County Clerk's office, A. W. Connable also owns the offices of Standard Credit Co., Wells and Company and Harper Realty Company.

In table 3, Patterson & Company was selected because it represents seven offices in the city, all of which are doing a large business. The table was prepared from loans actually paid by different borrowers in the offices of Patterson & Company. Some of the loans were secured in the Brooklyn office and some in the New York offices. The charges vary considerably with different amounts, also with the same amounts upon different conditions of payment. The charge made upon the loan of $17.50 payable in twelve weekly installments of $2.10 each is the highest charge recorded in the table. It is over 50 per cent higher than the charge upon a loan of $30.00 payable in twelve weekly installments of $3.25 each. The time of payment for the different loans varies from twelve weeks to twenty-four weeks. The average time for all of the loans is about fourteen weeks. The amount of the loan averages considerably higher with this company than with the brokers who conduct business for H. A. Courtright, of Providence, R. I.

TABLE 4.

TABLE SHOWING CHARGES MADE BY BROKERS (a) WHO CONDUCT BUSINESS FOR H. A. COURTRIGHT.

Amount of cash received by the borrower.	Payments.			Total amount paid by the borrower.	Amount paid in excess of the amount received.
	Amount of each.	When due.	Number.		
$10.50	$2.00	Weekly	8	$16.00	$5.50
10.50	5.00	Bi-Weekly	3	15.00	4.50
13.25	3.00	Weekly	6	18.00	4.75
13.25	6.00	Bi-Weekly	3	18.00	4.75
20.00	5.00	Weekly	5	25.00	5.00
24.00	30.00	Monthly	1	30.00	6.00
24.00	3.00	Weekly	12	36.00	12.00
24.00	5.00	Weekly	6	30.00	6.00
28.00	35.00	Monthly	1	35.00	7.00
34.00	2.65	Weekly	20	53.00	19.00

(a) Howard, C. A.,
Graham, Walter,
Chesterkirk, R. C.

The preceding table shows the charges made by the brokers who conduct business for H. A. Courtright, of Providence, R. I. The charges vary more with the different loans in this table than with any company investigated. The rate charged upon a loan of $10.50, payable in eight weekly installments of $2.00 each, is more than 100 per cent higher than in the case of a loan of $24.00 payable in one month. The charge upon a loan of $10.50 payable in eight weekly installments of $2.00 each is the highest rate charged by any company upon any amount which the writer has investigated. The charges on all of the different amounts of $20.00 or less are considerably more than the charges of the majority of the other loan companies. This fact is significant, since the managers of the different offices encourage the borrower to take the smaller loan. The loans for $10.50 and $13.25 were found much more frequently in the investigation than loans for any other amount. The writer applied for a loan of $20.00 at the office of one of the brokers and was strongly urged by the lady in charge to take two loans of $10.50 each instead of one loan of $20.00. The reason for such advice from the point of view of the loan company is evident from the

TABLE 5.

TABLE SHOWING CHARGES MADE BY MOORE AND COMPANY AND CARR AND COMPANY.(a)

Amount of cash received by the borrower.	Payments.			Total amount paid by the borrower.	Amount paid in excess of the amount received.
	Amount of each.	When due.	Number.		
$10.00	$1.25	Weekly	12	$15.00	$5.00
15.00	1.50	"	14	21.00	6.00
20.00	2.00	"	14	28.00	8.00
25.00	2.50	"	14	35.00	10.00
30.00	3.00	"	14	42.00	12.00
35.00	3.50	"	14	49.00	14.00
40.00	4.00	"	14	56.00	16.00
45.00	4.50	"	14	63.00	18.00
50.00	5.00	"	14	70.00	20.00

(a) The offices are both owned by Mr. S. Carr Carroll.

table. The amount paid in excess of the amount of cash received by the borrower in the case of a loan of $10.50 payable in eight weekly installments of $2.00 each is $5.50, while the amount upon a loan of $20.00 payable in five weekly installments of $5.00 each is only $5.00.

Table 5 shows the charges made by Carr & Co. and Moore & Company, two offices which are owned by Mr. S. Carr Carroll. With the exception of the loan of $10.00 payable in twelve weekly payments of $1.25 each, the charges upon loans of different amounts are the same. The loan in each case is repaid in fourteen weekly installments of 10 per cent of the amount of cash received. These are the only companies found in the investigation where the charge was the same for the different amounts.

Table 6 shows the charges made by the Federal Discount Company. (a) The highest charge is upon a loan of $10.00 payable in eleven weekly installments of $1.25 each. The lowest charge is upon loans of $30.00, $40.00, and $50.00 respectively. The charge being 10 per cent of the cash received

TABLE 6.

TABLE SHOWING CHARGES MADE BY THE FEDERAL DISCOUNT COMPANY.

Amount of cash received by the borrower.	Payments.			Total amount paid by the borrower.	Amount paid in excess of the amount received.
	Amount of each.	When due.	Number.		
$10.00	$1.25	Weekly	11	$13.75	$3.75
15.00	2.00	"	10	20.00	5.00
18.00	2.00	"	12	24.00	6.00
20.00	2.25	"	12	27.00	7.00
25.00	3.00	"	11	33.00	8.00
30.00	3.00	"	13	39.00	9.00
35.00	4.50	"	10	45.00	10.00
40.00	4.00	"	13	52.00	12.00
50.00	5.00	"	13	65.00	15.00

(a) This company has recently discontinued business.

each week for thirteen weeks. This amount is 10 per cent of the cash received less than the uniform charge made by Moore and Company and Carr and Company. The time of payment averages about twelve weeks. The most common loan made by this company was that of $25.00 payable in eleven weekly installments of $3.00 each.

Only in extreme cases when the services of a "tracer" are employed are any charges made in addition to the regular rates by any of the salary loan companies, except the brokers for H. A. Courtright. With the brokers (a) who conduct business for him the extra charges are numerous and extremely complicated. A few illustrations will serve to show how very irregular these extra charges are in different cases.

Case 1: An employee secured a loan of Howard on November 1, in which he received $24.00 cash to pay $30.00 December 1. He secured his salary late in the afternoon of December 1 and reserved $30.00 to pay the loan. Before he had time to send the money to Providence on the following morning a representative of the Coast Cities Collection Company called upon him and informed him that he must pay $30.00 on loan, $1.49 protest fee, $1.00 brokerage fee and $5.00 collection fee, a total of $37.49, or the assignment of salary which he had given the loan company would be filed with his employer.

Case 2: An employee had made his payments and was surprised to find a file upon his wages for $29.61, which the Coast Cities Collection Company claimed as extra charges for delinquent payments. The file was released by Mr. Nowlin (b) upon the payment of $3.00 collection fees. The Coast Cities Collection Company made no collection except the $3.00.

Case 3: A borrower was late in his payments and was charged $1.49 protest fee on each of two of the six notes which he had signed, and $3.00 collection fee. The $3.00 collection fee was for the collection of $2.98, as the collecting agency had nothing to do with the payment of the six notes, since the money was sent direct to Providence, R. I.

Case 4: Upon the same amount borrowed as case

(a) Chesterkirk, Howard, Graham.
(b) Manager of the Coast Cities Collection Company.

number three, a protest fee of $1.61 was charged on two different notes and a collection fee of $2.00, making $5.22 extra costs.

Case 5: An employee secured a loan of $13.25 and paid it in six weekly installments of three dollars each. A failure to cash the check which was sent him from Providence, R. I., caused a delay in some of the payments. He received a letter from the Coast Cities Collection Company asking him to call and settle. At the office he was informed that there was $10.00 due on the loan because the payments did not all reach Providence upon the dates when due. He refused to pay the amount demanded and a few days later received a letter from the collecting agency offering to settle for $7.83. Upon refusal to pay this additional charge an assignment of salary was served upon his employer, and upon the employers of each of his endorsers, for $24.66. When one of the endorsers called upon the Coast Cities Collection Company to know the cause of the file upon his wages for $24.66, he was informed that the borrower was delinquent in his payments and offered to release the file for $5.22—two protest fees of $1.61 each and $2.00 collection charges. The case was placed in the hands of an attorney (a) to whom Mr. Nowlin admitted that Mr. H. A. Courtright had no claim against either of the endorsers, and no further attempt was made to collect the extra charges. The amounts included in this consideration are of peculiar significance. The file called for $73.98, Mr. Nowlin offered to settle for $10.00, $7.83 and $5.22 respectively, and finally admitted to an attorney that he had no legal basis for any amount.

Case 6: An employee secured a loan of $13.25 to be paid in six weekly installments of $3.00 each. The first payment did not reach Providence upon the appointed day because of a difficulty concerning the post-office order; the second payment was sent three days before due, the third payment was made by telegram to assure prompt delivery. Although the account was in this condition, because of the failure of the first payment to reach Providence at the precise time when due and

(a) Mr. Bernard Robinson, No. 34 Pine Street.

the failure to meet the fourth payment promptly the Coast Cities Collection Company filed upon the employee's wages for $26.48, $9.00 due per contract, four protest fees of $1.37 each ($5.48), $10.00 attorney fees, $2.00 collection fees. It was finally settled, after the employee had lost considerable time, for the entire amount demanded less the attorney fees. The loan was secured October 15 and the amount referred to above was paid November 26, exactly six weeks from the date when the loan was secured, which was the time agreed upon. Thus it is seen that the loan company received $25.48 in a period of six weeks for a loan of $13.25.

When the manager of the Coast Cities Collection Company was asked the reason for the different charges upon the same loans under the same conditions, he responded that he did not know; the only knowledge he had of the transaction was that the charges were sent to him by H. A. Courtright to collect. This same manager, however, admitted to an attorney, whose signed statement is on record in the office of the Bureau of Social Research, that he was very closely connected with Mr. H. A. Courtright and that the extra charges were very largely determined by himself. Mr. Nowlin further stated that the extra charges were generally what he thought he could collect.

VI.

EXPENSE OF THE TRANSACTION AND ESTIMATED PROFITS.

To ascertain the exact expense of conducting the loan office in the City of New York would necessitate an examination of the books and records of every office. This is an impossibility at the present time. There are sufficient data at hand, however, to make an estimate. This estimate was prepared by the manager of a loan office in the city from her actual experience in opening a new office and managing it for over two years. Facts secured from the managers of five other offices in the city correspond very closely to her estimate. There are of necessity offices which expend more and offices which expend less, but it is probable that with a larger expenditure there will be a larger income and with a smaller expenditure a smaller income.

The following schedules are an attempt to estimate the capital invested and the annual operating expenses of a typical salary loan office.

SCHEDULE A.

ESTIMATED AMOUNT OF CAPITAL INVESTED IN A TYPICAL SALARY LOAN OFFICE.

Loanable Funds		$9,500.00
Initial Expenses:		
Office furniture and fixtures (including safe, desks, chairs, rugs, etc.)..	$450.00	
Legal papers and registration charges	50.00	
		500.00
Total Amount of Capital Invested.....		$10,000.00

SCHEDULE B.

Estimated Operating Expenses Per Annum of a Typical Salary Loan Office.

Wages and Salaries:		
Manager	$750.00	
Cashier	600.00	
Investigator	600.00	
Collector	500.00	
		$2,450.00
Rent		1,000.00
Advertising		2,000.00
Commissions		1,000.00
Legal Expenses		150.00
Stationery and Printing		125.00
Postage, Telephone, Telegraph		125.00
Depreciation of office furniture and fixtures		75.00
Insurance		25.00
Miscellaneous		50.00
Total Operating Expenses		$7,000.00

Many instances could be cited to give an idea of the profitableness of the salary loan business. The owner of a prominent office in the city recently offered to guarantee a young man $10,000 net profit per year if he would invest $8,000 in an office. He said he was almost certain that the returns would be much larger. A careful examination of the books of one of the offices in the city (a) showed that in one month a net gain of $541.00 was realized upon loans aggregating $1,889.00, a clear profit of 28.64% in one month. Based upon this rate of profit, the annual net income from an office with $10,000 capital would be $34,368. An owner of two large offices in the city is authority

(a) A signed statement by the manager of the office is on file in Bureau of Social Research.

for the statement that a friend of his began business in New York City about three years ago with $25,000. Recently he was offered $60,000 for his three offices and in the meantime he has placed $75,000 to his credit in the bank, making $110,000 clear profit in addition to his living expenses, in three years upon a capital of $25,000. Several of the men who have a large number of offices and are doing a very extensive business began with a small amount of capital and have been in the business only a short period of time. It is the belief of a number of the employees of D. H. Tolman that he began the business of loaning money on salaries a few years ago with practically no capital and to-day he is many times a millionaire with offices in all the principal cities of the United States and Canada.

VII.

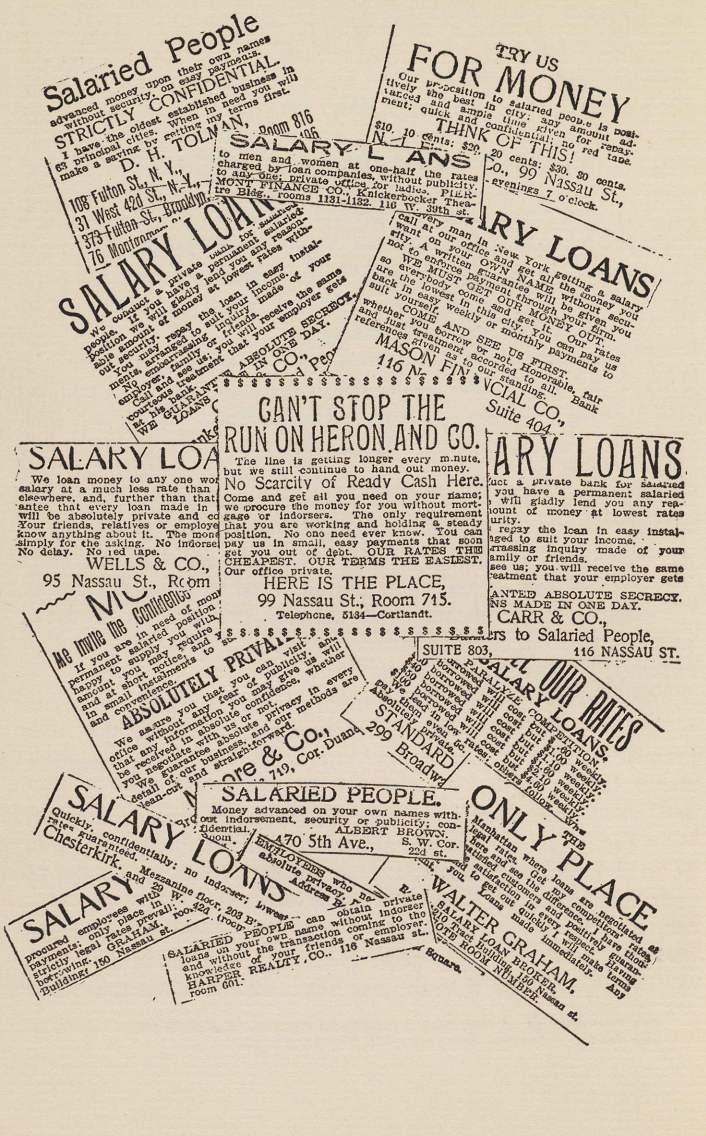
BUSINESS METHODS NOW EMPLOYED.

The loan companies have several different methods by which they bring their business to the attention of the public. First among these is the advertising ([a]) in the daily papers. On page 44 are shown a few of the advertisements which recently appeared in the New York City daily papers.

The promise of secrecy is prominent in all the advertisements. This is one of the chief points which the loan companies emphasize in order to secure business. "Confidential," "quick and confidential," "confidentially," "Employees appreciate absolute privacy," "without publicity," "our office private," "We guarantee every loan will be absolutely private and confidential," "absolutely private," "No embarrassing inquiry made of your family, employer or friends," "We guarantee absolute secrecy." These are a few of the stock phrases used to catch the eye of the prospective borrower. One company ([b]) goes so far as to promise that "A written guarantee will be given you not to enforce payment through your firm."

An extract from a letter written March 10, 1908, to an employee who had been lured into securing a loan by the strict promise that his employer should never know of the transaction, shows how well the agreement is kept: "Your letter at hand and noted and in reply will say that you are making yourself out a liar. . . . You can either pay this remaining balance of $5.10 or I shall file a claim and in that way I will be notified by your firm how much they know about your agreement here. You can use your pleasure about this pay or have papers filed. I will give you until the 17th to remit balance." Receipts in the hands of the writer show that the employee who received this letter

(a) For amount of advertising in different papers, see page 23.
(b) Mason Financial Company, 116 Nassau Street.


Salaried People
advanced money upon their own names
without security on easy payments.
STRICTLY CONFIDENTIAL.
We have established in business in
this principal cities. When in need you will
find it to your interest to call or write.
TOLMAN, Room 816
D.
108 Fulton St., N. Y.,
31 West 42d St., N. Y.,
375 Fulton St., Brooklyn
76 Montgomery
SALARY LOANS
to men and women at one-half the rates
charged by loan companies, without publicity
to any one; private office for ladies. PIER-
MONT FINANCE CO., Knickerbocker Thea-
tre Bldg., rooms 1131-1132, 116 W. 39th st.
SALARY LOANS
We conduct a private business for salaried
people, we lend any reasonable
amount of money at lowest rates with
easy repayments; no collateral; no fees.
Your friends, relatives or employer need not
know anything about it. The money can be
paid simply for the asking. No indorsers.
No delay. No red tape.
WELLS & CO.,
95 Nassau St., Room
MONEY
TRY US
FOR MONEY
Our proposition to salaried people is posi-
tively the fairest and best in the city; an amount ad-
vancement; quick and ample; private; confidential; no fees for
THINK OF THIS!
$10. 10 cents; $20. 20 cents. $30. 30 cents.
Co., 99 Nassau St.,
evenings 7 o'clock.
SALARY LOANS
Carry any man in New York getting a salary
want at our office and get all the money you
any. A word, a wink, a nod, or your NAME on your
note is sufficient. Our terms are the easiest ever offered.
No one need ever be embarrassed for money any more.
so everybody come to us. Here you will get MONEY QUICK
are the lowest rates in the city. It will be to your interest
back in easy payments to suit your convenience. Call or write
suit yourself, whether you want $10 or $100, weekly or monthly payments to
whether COMES AND SEE US FIRST. Honorable, fair
and just treatment for all. Security or no security.
references as to character and standing required.
MASON FINANCIAL CO.,
116 Nassau St., Suite 404,
CAN'T STOP THE
RUN ON HERON AND CO.
The line is getting longer every minute,
but we still continue to hand out money.
No Scarcity of Ready Cash Here.
Come and get all you need on your name;
we procure the money for you without mort-
gage or indorsers. The only requirement
is that you are working and holding a steady
position. No one need ever know. You can
pay us in small, easy payments that soon
get you out of debt. OUR RATES THE
CHEAPEST. OUR TERMS THE EASIEST.
Our office private.
HERE IS THE PLACE,
99 Nassau St., Room 715.
Telephone, 5134—Cortlandt.
SALARY LOANS
We loan money to any one who
salary at a much less rate than
elsewhere, and, further, we guar-
antee that every loan made in
will be absolutely private and con
Your friends, relatives or employe
know anything about it. The mone
simply for the asking. No indorse
No delay. No red tape.
WELLS & CO.,
95 Nassau St., Room
MONEY
We invite the Confidential
If you are in need of mon
permanent salaried position
permanent supply of money
amount to your interest and
and short notices and
and convenience, and to
ABSOLUTELY PRIVATE
We assure you that you can visit our
office without fear of publicity, and
that any business confidence you may give us will
be received and treated with absolute secrecy. In every
way possible, consistent with absolute confidence, whether
you negotiate a loan with us or not, we guarantee you
straightforward business methods and
prompt attention. Send for
detail of our loan-out and
SALARY LOANS
Quickly, confidentially; no indorsers; no fees; rates guaranteed. Mezzanine floor, 203 Broadway, cor. Chesterfield.
SALARY LOANS
procured employees without indorsers; easy payments; legal rates; private; strictly legal. GRAHAM, 320 Broadway, cor. Liberty. Telephone, 150 Nassau.
SALARIED PEOPLE.
Money advanced on your own names with-
out indorsement, security or publicity; con-
fidential. ALBERT BROWN,
Room. 470 5th Ave., S. W. Cor. 22d st.
EMPLOYEES who need money; no indorsers; private; absolute. Address B. A.
SALARIED people can obtain money without indorsers or publicity; loans on your own name without the knowledge or interference of your friends or employer. HARPER REALTY CO., 116 Nassau st. room 601.
SALARY LOANS
Manhattan, where loans are negotiated at
less rate than any other city. Having different
branches enables customers to get money nearer
their business, thereby saving time. Salary
Loans made immediately. WALTER GRAHAM,
SALARY LOAN BROKER,
HOME ROOM NUMBER
SUITE 803, 116 NASSAU ST.
OUR RATES
SALARY LOANS
PRIVATE COMPANY
borrowed
borrowed
borrowed
borrowed
STANDARD
299 Broadway
ONLY PLACE
Nassau st.

had paid the entire amount of cash which was received and had offered to pay interest at the rate of 60 per cent *per annum* upon the same. The $5.10 demanded is over 300 per cent *per annum* interest. This same employee, after he had applied for the loan and had been assured of secrecy, found that a representative of the loan company had visited his employer and very seriously endangered his position by the inquiry made. (a)

It will be noted from the advertisements given that Patterson & Company, Standard Credit Company, and the New Jersey Finance Company state the amount of each weekly payment required upon the different classes of loans. It is impossible to reconcile the rates here given with the actual practice of the companies in question. In no case has it been found that any of these companies permit a loan to be repaid in the amounts intimated in the above mentioned advertisements. Recently an application was made for a loan at one of these offices at the rate published. The manager replied that the company never intended to loan money at those rates, that they were only used as a means of inducing employees to visit their office.

"Come and get all the money you need," "Any amount advanced," "Money is yours for the asking." The sincerity of these statements may be judged by the fact that the amount loaned is always based upon the amount of salary received, and that if the employee does not receive a satisfactory salary it is impossible for him to secure a loan.

The advertisements are unreliable in other respects than those already mentioned. "Cheapest rates," "lowest rates," "We lead in low rates," "Our rates the cheapest," are statements of the different loan companies, yet competition is sufficiently strong to cause them to guard their rates zealously from their competitors. A comparison between the rates charged and these statements shows a serious discrepancy. The Piermont Finance Company offers to loan money "For one-half rates charged by other loan companies." Their rates are practically the same as those of the other companies.

(a) See page 59, concerning promise of secrecy in investigation made by loan companies.

Another very effective method of advertising employed by the loan companies is ingeniously worded personal letters. Just before the holidays or vacation periods, when a special need of money is likely to arise, many persons are in receipt of neatly typewritten letters calling their attention to the fact that the company will be glad to serve them, offering as a further inducement a liberal commission in case they send any new customers. The following is a letter received by an employee of the Interborough Rapid Transit Company:

PHONE 4966 WORTH

STANDARD CREDIT CO.

299 BROADWAY, ROOM 1016

NEW YORK

December 4, 1907.

Dear Sir;

Do you know that during the next two or three weeks a great many worthy men will want to make a small loan for the Holidays, and do not know where to go?

Among them, no doubt, are some of your acquaintances, and you would be rendering them a great favor by introducing them to us, where they know they would be squarely and honorably treated, and their business kept absolutely confidential.

You would also be doing us a favor as well, and we will gladly reciprocate by paying you a commission of $3.00 for each new customer you send us. We prefer dividing with our friends and giving them the benefit, to spending the money in advertising.

During the Holiday season there are so many demands on one's purse, that it seems as if nearly everyone borrowed money in either large or small amounts, and we would be pleased to serve both you and your friends.

We hope we will be able to pay you quite a sum in commissions for your Christmas money;—It is worth trying for.

Yours truly,

Standard Credit Co

Some of the offices make a specialty of loaning to women. The following letter, addressed to women holding salaried posi-

tions, is representative of one of the methods used to secure patronage:

SALARY
LOANS

PRIVATE OFFICE
FOR LADIES

TEL. 362-38TH ST.

Piermont Finance Company

KNICKERBOCKER THEATRE BUILDING
ROOMS 1131 AND 1132

No. 1402 BROADWAY AND 116 WEST 39TH ST.

New York, ...

Dear Madam:-

We take this method of informing you that we are lending money to Ladies holding high class positions, on their salaries. We will arrange the payments to suit you—weekly or monthly, and allow you from 3 to 5 months time.

Our rates are absolutely the lowest in the City and your business relations with us will be strictly confidential, no one will know you borrow, unless you wish to tell them.

There will be no questions asked any one in reference to your standing. The Loan will be granted you on application.

If not in need of a Loan at present, call at any time, and we will be pleased to accommodate you.

Trusting we may be of service to you in the future.

We remain,

Yours sincerely,

PIERMONT FINANCE COMPANY.

(Miss) A. G. Hughes, Mgr.

All of the devices known to the modern advertising world are resorted to in the matter of circulars which are sent through the mail to different individuals.

The following was sent out by one of the loan companies:

TELEPHONE COURTLAND 5134

OFFICE HOURS:
8 A. M. TO 6 P. M.
OPEN NOONS

HERON & CO.

SEVENTH FLOOR, BENNETT BUILDING
99 NASSAU STREET, ROOM 715
NEW YORK, N. Y.

Dear Sir:-

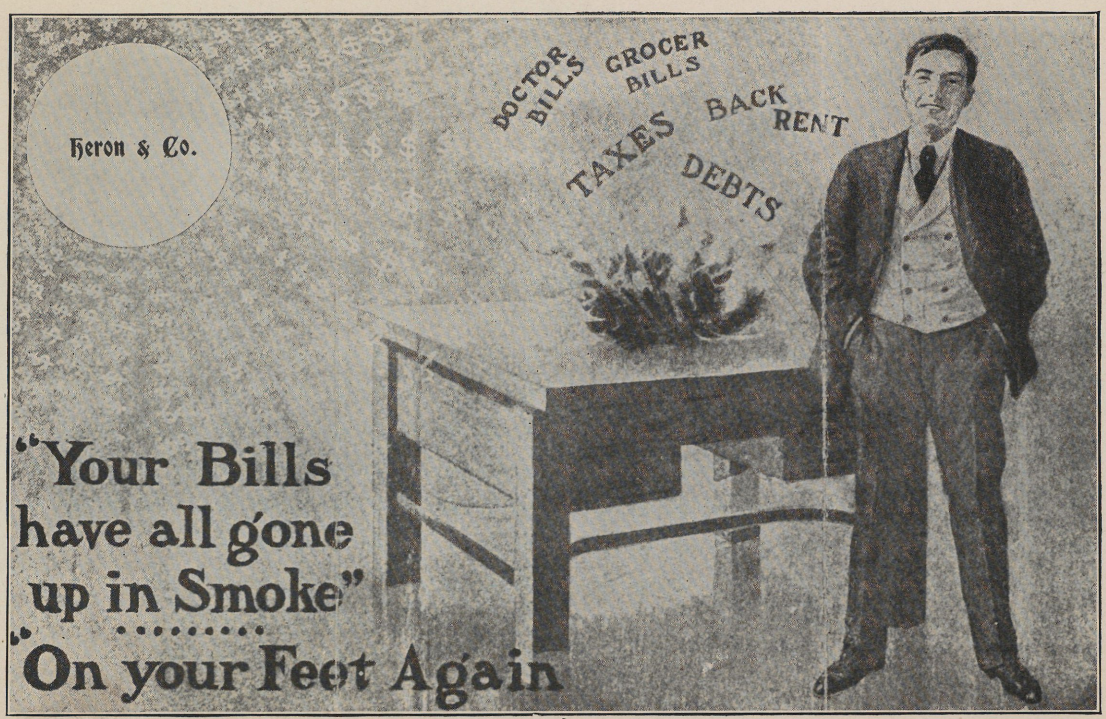
Money! Money! Money? There is no disgrace in being in need of money, but there may be in not being able to get it. We have it and you can get it very easily, for our business is making small loans. We procure loans for "EVERY ONE"- railroad men, clerks, factory employes, street car men, office employes and all salaried people. Your promise to pay us is all the security we require. It does not matter whether you are married or single, for we never take a mortgage on furniture. We loan from $10. to $200. and you can repay us in small weekly or monthly payments to suit your convenience. OUR RATES are so low that no one should be without money. All business and inquiries are kept absolutely confidential, and your employer or fellow workman know nothing of any transactions made with us. We have brought happiness and sunlight to many homes by loaning a man enough to pay up many scattered bills that were dragging him down. It does not matter to us why, but if you are in need of money, call on us to-day. If not, remember our name and address.

Very respectfully yours,

HERON & CO.

P. S. We are open from 8 A. M. to 6 P. M. Open Noons.

Some of the circulars are so worded as to make an especial appeal to the individuals who receive them. The following circular was received by an employee when he was so seriously involved with several different companies that an immediate loan was necessary in order to retain his position. Special attention is


Heron & Co.
DOCTOR BILLS
GROCER BILLS
BACK RENT
TAXES
DEBTS
"Your Bills have all gone up in Smoke"
"On your Feet Again

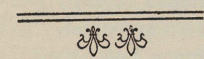
called to the postscript at the bottom of the circular. This instance is of special importance because the borrower who received the circular was about to be filed upon by a broker ([a]) who conducts business for the same man as the one who sent him the circular. This situation would seem to indicate that the threat of filing from one broker and the receipt of the circular from the other, was a means adopted by the employer ([b]) of both of the brokers to induce the same man to continue an endless chain of borrowing. The fact that one man owns several offices makes this procedure entirely possible.



1907 December 1907

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

And so you see Christmas is really coming, sure enough. How are you fixed? Financially, I mean? Hope you have a bank full of it! Or at least a safe deposit box full!



SALARY LOANS

In case you haven't all the money you need, and find it necessary to borrow, I can be of service to you. I am in the business of supplying money to SALARIED EMPLOYES upon their NOTES.

I can save you time, trouble, annoyance and expense. There is not a place in town where you can borrow money on your salary so cheaply and quickly. All transactions are strictly confidential and the terms of repayment are arranged to suit the borrower. There is no red tape in my office.

Customers settling accounts promptly can always secure further accommodations without any delay whatsoever.

Don't borrow of friends; they don't like it.

Don't lend to friends; it's bad business.

If your friends want to borrow give them my address.

WALTER GRAHAM,
Room 1210 American Tract Building, 150 Nassau Street.

Note carefully the room number—1210.

P. S. If you have a loan from another lender and are in trouble, come and see me. I will pay it for you.

It is of interest to note, in this connection, that the employee who received this most attractive circular secured a loan of $13.25, for which he paid $25.48 in six weeks. At first he refused to pay the amount demanded, but a file upon his wages which cost him his position compelled him to yield.

(a) Howard, C. A.
(b) H. A. Courtright.

Another method employed by the loan companies to secure business is the services of a solicitor. The work of the solicitor is to become acquainted with men who have loans and prospective customers, and to use all the influence possible to get them to patronize the company in which he or she is interested. In one case the solicitor was a foreman of a large business concern which employed several hundred men. The only requirement necessary for the employees of this concern to secure a loan was the recommendation of the foreman, and this recommendation was freely given, as the foreman received a good commission from the loan company for each new customer. In case any of the employees failed to pay, the foreman would use his influence to aid the loan company in collecting the debt. In another case the timekeeper of a large concern was employed by a certain loan company and when the agent from the loan company called to collect from any of the employees, a note to the timekeeper secured the desired interview. Without this note it would have been impossible for the agent to see any of the employees during working hours. The result of such intimate relations between the trusted employee of the firm and the collectors of the loan office is illustrated by the statement of one of the collectors that in a large establishment where the foreman and the timekeeper were both in the employ of the loan company at least 90 per cent of the employees had taken out loans.

A slightly different phase of the work of the solicitor is illustrated by the case ([a]) of the private secretary to the treasurer of a large transportation company, who was recently discharged because of his connection with the loan companies. When an employee from this company applied for a loan, a copy of the application would be sent to this private secretary. He would investigate the employee's record with his company and the amount of wages he received, and would return the application to the loan office either approved or disapproved. The loan company informed him when a payment was made and in case the employee did not meet his obligations promptly he would immediately receive a letter from the private secretary, stating that a

(a) See page 27.

file had been placed upon his wages and unless the matter was settled at once the employee would be discharged. In case an employee would attempt to collect his wages and disappear without paying the loan company, he would find that he had been discovered and that the private secretary had notified the loan company. In case there was not sufficient time for the loan company to place a file upon his wages the private secretary would notify the treasurer that he had received such a file or would fill out one of the blanks himself with which the loan company kept him supplied. The letters which passed between him and the loan companies were in cipher in order to obviate any possibility that his employer would know of the transaction. The position of private secretary to the treasurer made it possible for this employee to secure the desired information about each employee. He was the one who received the file upon an employee's wages and this fact made it easy for him to force the unfortunate employee to pay the loan company whatever it demanded. His commission from a single company ([a]) for the month of August, 1907, was $22.80. It is the belief of a personal friend of his that practically all of the different loan companies in the city were paying him a commission of six per cent upon the amount of each loan.

The practice of paying persons who already have loans a commission of from one dollar to three dollars for each new customer is very common. The commission in each case is deducted from the weekly payment. One company has devised a unique system of coupons, ([b]) a book of which is given to each of its customers. The coupons have corresponding numbers and the customer signs his name to one of the coupons, deposits it with the company and gives the prospective borrower the corresponding one. When the new loan is made the amount of the commission is credited to the name having the number corresponding to the one turned in by the new customer. It is the opinion of a manager of a loan office that the system of paying commissions for new customers is the most effective method of securing business.

(a) A statement prepared by the manager from the books of the company is one file in the Bureau of Social Research.
(b) Heron & Company.

Several of the offices which have a good business and are not desirous of extending it further do not advertise in any way. They depend entirely upon the business which comes to them through their acquaintance with the employees of different concerns and through the personal activity of their agents and managers. Other loan brokers spend very little in advertising but use a different method of securing business. The following advertisement from the New York World illustrates this class of companies:

> BUSINESS MAN will loan small sums to a few honorable employees confidentially; give business address. I will call.
> Address B 221 World.

An employee who was interested in securing a loan addressed a letter to B 221 World. In response a man called upon him and explained the conditions upon which money would be advanced upon his salary. This man is a broker conducting a private business. He has no public office, but by this means loans a large amount of money.

When the man in need of money calls upon the office where there is "no scarcity of ready cash" and where the customer receives such "courteous treatment," or when he is visited by their representative in his place of business, he expects to find an opportunity to borrow a small amount of money with very few questions asked. He finds, however, that he is put through a rigid examination and is asked to fill out a blank ([a]) containing a large number of questions.

The loan offices in New York City naturally divide themselves into two classes: first, those offices which act as brokers for H. A. Courtright of Providence, R. I., and second, those which carry out the entire transaction in the same office.

The applicant who applies to Howard, No. 73 West 11th St., Walter Graham, No. 150 Nassau St., R. C. Chesterkirk, No. 29 West 42nd St., or any other office which acts as broker for H. A. Courtright of Providence, R. I., is charged $1 commission when the application is made, which is to be refunded in case the loan is not negotiated.

(a) See Appendix I, page 93.

AGREEMENT AND POWER

Whereas ... William Richardson ... hereinafter called the Borrower, desires to obtain in the City of Providence, State of Rhode Island, a loan of money to the amount of $ 36 ... or less, and for that purpose has created the attorney hereinafter named, his attorney in fact to obtain said loan, with full powers, and especially directing said attorney to make, execute, deliver and sell the promissory notes of said borrower, not exceeding in amount the sum above specified; said notes to be drawn in such manner and form, and to contain such provisions as said attorney shall deem advisable, and whereas it appears that in order for said borrower to obtain the desired loan, and in order to successfully negotiate and sell notes of the borrower above referred to it is necessary or desirable that additional security to that which the borrower can offer be given and that said borrower's promise to pay be additionally secured and whereas the undersigned desires to furnish such security, and such other security as may be necessary, now therefore,

KNOW ALL MEN BY THESE PRESENTS, that I, the undersigned, have made, constituted, created and appointed

and *by these presents, do make, constitute and appoint* *of the City of Providence, State of Rhode Island, my true and lawful and duly authorized agent and attorney*, with full power to do and perform each and every act and thing which said attorney may deem it necessary or desirable to do or perform, to the end that said loan may be secured by said borrower and his said notes negotiated. And said attorney shall have full power to do each and every act or thing that I might or could do if personally present.

Without in anywise limiting or restricting the general powers given to my attorney aforesaid, but solely by way of explanation as to certain powers included in above general power, I hereby give my said attorney aforesaid full right, power and authority for me and in my name, place and stead to do and perform, the following acts and things, and each every and all of them: (1) to make and deliver, signing my name thereto, an agreement binding me to repay any sum secured by said borrower provided the borrower does not repay the same; (2) to endorse and deliver with said endorsement, my name upon any promissory notes of the borrower, whether made by him personally or by his said attorney aforesaid for him; (3) to make, at such time or times as may be necessary or as he may think proper, such an assignment, agreement, contract or arrangement relating to my wages, now earned, now being earned or hereafter to be earned under my engagement with my present employer or under any engagement with any employer with whom I may hereafter be engaged, as my said attorney may think necessary or desirable; (4) to make any agreement relating to payment of protest fees, reasonable collection charges and attorneys fees, to be paid in the event of either the borrower or the undersigned failing to pay any money, note or other obligation, or failing to keep any promise at the time when the same was or is to be paid or fulfilled; (5) to make such agreement or agreements relating to the obligations incurred by me, and to such assignment or assignments being and remaining security therefor as said attorney may, in his discretion, consider necessary or desirable.

The above powers are subject to the following limitations, and these only: (1) that the undersigned shall not in any way be made liable to pay a greater sum than the amount above specified, together with interest, protest fees and collection and attorneys fees; (2) that no agreement or assignments of wages shall be made exceeding in the aggregate five times the amount above specified; (3) that in case a greater amount than the total obligation of the undersigned shall be secured through the enforcement of any assignment or collateral, any balance left over shall be returned to the undersigned.

And the powers of the aforesaid attorney are hereby declared to be continuing powers, until any and all obligation contracted through or by the execution of the same are finally and completely satisfied and paid, and said attorney is authorized to agree for me with any purchaser of any notes or the receiver of any collateral, THAT IF SUFFICIENT FUNDS ARE NOT RECEIVED BY VIRTUE THEREOF TO SATISFY SAID OBLIGATION IN FULL, THEN THAT FROM TIME TO TIME, FURTHER ASSIGNMENTS OF WAGES DUE OR TO BECOME DUE, FROM THE EMPLOYER BY WHOM I AM THEN EMPLOYED, WILL BE MADE AND DELIVERED, NOT TO EXCEED IN TOTAL SAID FIVE TIMES THE AMOUNT ABOVE STATED AND SAID ATTORNEY IS AUTHORIZED TO EXECUTE AND DELIVER SAID FURTHER ASSIGNMENT OR ASSIGNMENTS ON REQUEST. I hereby give my said attorney full power to substitute another attorney or agent in his stead, and I hereby ratify each and every act and thing my said attorney or his substitute may do or cause to be done.

Dated this ... 11 ... day of ... Dec ... 190 3

X Geo. A Kay ... [SEAL]

Witness ... Walter

COUNTY AND STATE OF NEW YORK,)
CITY OF NEW YORK.) ss.

On this ... day of ... 190 , before me personally appeared

... to me known and known to me to be the individual described in and who executed the foregoing agreement, and he duly acknowledged to me that he had carefully read the same, and the whole thereof, and that after doing so he executed the same.

...

Notary Public, New York County

Almost invariably these offices require from one to three endorsers. The manner in which these endorsers are often secured is significant. The only paper which the endorser is required to sign is the Agreement and Power which faces this page.

When the applicant is told he must secure endorsers he calls upon his friends and assures them it means nothing more than a recommendation so that he can secure the money. The agent of the loan company calls immediately upon the consenting friend with a copy of the Agreement and Power which he is asked to sign. The agent assures the endorser that the paper means practically nothing and that it is only a recommendation for his friend in order that he may secure the money. This is shown by the following affidavit:

CITY AND COUNTY OF NEW YORK, ss.:

GEORGE A. KAY, being sworn deposes and says: that I reside at No. 1116 Nelson Avenue, Highbridge, City of New York. That on the 11th day of December, 1907, a man called upon me at my place of business, 55 White Street, the office of the American Mills Company, where I am employed. That he showed me a certain paper and asked me to sign my name thereto; he said that the paper was of no legal importance; that the entire matter or transaction was a matter of form; that I was just attesting to the good character of William Richardson; that he had said paper placed upon the flap of a wallet and that as I began to read it he withdrew said paper and discouraged any further attempt on my part to read same and that he repeated it was but a matter of form; at no time was the paper taken out of his hands. That at no time when said man was at the office of the American Mills Company, did he tell me the paper to which I was to put my name to was a Power of Attorney; that I was offering my wages as security for a loan made by some loan company to said William Richardson. At no time did said person tell me that if Richardson did not repay the loan made to him by the loan company that I would have to pay that loan out of my wages. That I did not know that the instrument I was signing was a Power of Attorney. That said person was about five feet five inches in height, of medium weight, dark hair, of florid complexion, that he had a small mustache.

GEORGE A. KAY.

Sworn to before me this
12th day of March, 1908.

BERNARD ROBINSON,
Com. of Deeds,
N. Y. C.

With this assurance and with the Agreement and Power presented in such folded form as to show only the portion reproduced in the cut facing this page the signatures of the desired number of endorsers are secured.

The applicant also signs a power of attorney. (a) The money is not advanced by the office from which the employee supposed he was borrowing, but a check is received from H. A. Courtright of Providence, R. I., and enclosed with the check is a memorandum (b) stating that the said Courtright has bought a certain number of notes giving the amount of each and date when due. The notes have been signed by the attorney (M. Wilmarth) whom the borrower authorized to sign his name to any legal document by signing the power of attorney. The borrower does not see the notes and therefore has no idea of what they contain. Each of these notes (c) signed by the attorney contains the following clause: "Interest from and after date of maturity, two per cent per month or fraction of a month" also, "This note is one of a series dated this day and signed by me, and I agree that if this, or any one of said series, is not paid by me on the date when due, that each and every one of said notes become forthwith due and payable on said date of first default . . ." The notes are payable in Providence, and if the borrower succeeds in getting the money to Providence each week on time, when the notes are paid the debt is canceled. If, however, the money fails to reach the office of H. A. Courtright upon the date when the note becomes due, according to the clause in the note all of the series become due immediately, and a protest fee and also a collection fee are due upon each note. This occurs so frequently that one is inclined to believe that the protest fee and the collection fee are only a device used to collect a higher rate of interest on each loan. A few illustrations will show the manner in which circumstances are taken advantage of to secure the additional charge. In case 1 the post-office order was sent the day preceding the date when the payment was due. For some reason it failed to reach the office in

(a) See Appendix III, page 97.
(b) For copy of memorandum, see Appendix XIV, page 114.
(c) For copy of note, see Appendix XIII, page 113.

said attorney full power to substitute another attorney or agent in his stead, and I hereby ratify each and every act and thing my said attorney or his substitute may do or cause to be done.

Dated this 11 day of Dec 190 7

X Geo. A Kay [SEAL]

Witness

COUNTY AND STATE OF NEW YORK, } ss.
CITY OF NEW YORK. }

On this day of 190 , before me personally appeared

to me known and known to me to be the individual described in and who executed the foregoing agreement, and he duly acknowledged to me that he had carefully read the same, and the whole thereof, and that after doing so he executed the same.

Notary Public, New York County

Providence the next day. In case 2, when the borrower received the check from Mr. Courtright he could not get it cashed and it was returned to Providence. The money was not received for several days after the date when the check was first sent to him. He reasoned that his first payment would be one week from the time he received the money, but he learned too late that the first payment was due one week from the day the check was sent from Providence. Case 3 was that of a borrower ignorant of methods of sending money and when the post-office order was secured he sent the receipt instead of the order itself. This caused a delay for which he paid the regular protest and collection charges. Case 4 was that of a borrower who expected to pay the weekly amounts at the office where the application for the loan was made. Upon the day when the first payment should have been made he went to the office expecting to pay the amount due, but was informed that all payments were to be made in Providence, R. I. For this reason his remittance reached Providence a day late and the usual charges were imposed.

The Coast Cities Collection Company, No. 132 Nassau St., managed by E. C. Nowlin, makes the collections for H. A. Courtright. If the money does not arrive in Providence, R. I., upon the date when it is due Mr. Nowlin serves notice upon the employee the next morning that his note has been protested ([a]) and the protest and collection charges must be paid at once or the assignment of wages will be presented to his employer. Mr. Nowlin does not hesitate to register the assignment of wages with the employer although in several cases recently investigated such registration seriously interfered with the position of the employee.

A few illustrations will aid in understanding the method of business as conducted by the Coast Cities Collection Company. Case 1: ([b]) an employee of a laundry in the Bronx secured a loan from a lender whom he supposed to be Howard, No. 73 West 11th Street, but found that he received a check from H. A. Courtright, Providence, R. I. He met all of the payments upon

(a) For copy of Protest, see Appendix XII, page 113.
(b) Receipts, copy of file, memorandum and other papers concerning the case on file in office of Bureau of Social Research.

the loan. The very day he paid the last one his employer received a file upon his wages for $24.66. His first endorser, a man who had worked in the same position for twenty years, was notified by his employer that an assignment of wages had been made by him and that the company would not sanction such action. The man was very much surprised and said he had made no assignment of his wages and that the only connection he had with any loan company was that he endorsed for his friend but was certain that the friend had paid the debt in full. This explanation did not release him however from a most humiliating censure from the manager of the factory. The employee sought the services of the Legal Aid Society, and when a representative from that organization called upon the cashier of the factory he found that a file had been made upon the wages of the first endorser on the same date and for the same amount as the one which had been registered against the wages of the borrower. The same day the second endorser called upon the Legal Aid Society and said his wages had been filed upon and he also was in danger of losing his position. He assured the agent of the Legal Aid Society that he had never made such an assignment of his wages and his only knowledge of any possible action was his endorsement for his friend, who he was positive had made his payments in full. The assignment was sent to his employer the same day and was for the same amount as the other two previously mentioned. Mr. Nowlin of the Coast Cities Collection Company was consulted and asked the reason for endangering the positions of the three different men when the debt had been paid in full as was shown by the receipts. He replied that one of the payments had not been made on time and that he demanded $5.22 protest and collection fees. Why he had filed upon three different employees upon the same date for $24.66 each in order to collect $5.22 was left unexplained. Case 2: An employee of the New York Central Railroad secured a loan from one of the brokers of H. A. Courtright and was unable to send the money to Providence the day it was due as he did not receive his salary until the afternoon of the same day. The next morning he was visited in his place of business by an

agent of the Coast Cities Collection Company and told that unless he made the payment at once and $5.22 additional charges his company would be notified of the assignment of wages. This seemed unreasonable to the employee but knowing that if the assignment of wages was delivered to the company he would be discharged, he paid the amount demanded. Case 3: An employee of the Interborough Rapid Transit Company secured a loan which was endorsed by a friend. The money was not received at Providence when due and the company was notified of the assignment of wages made by the two employees. The borrower was discharged. The endorser advanced $4.00 extra costs plus the amount of the payments agreed upon and secured a release of the assignment. About two months afterwards Mr. Nowlin placed a file upon the wages of the endorser for $11.98. This seriously endangered his position as it was the second file from the same company and seemed to indicate that he had secured a second loan. When Mr. Nowlin was consulted he said that he always filed for $10.00 more than the amount due, and in case the employee did not pay the $10.00 it was charged as a collection fee from the company. The $1.98 was extra charges on the previous loan upon which he had already paid $4.00. Thus for a loan of $20.00 for one month this endorser had paid $5.00 interest and $5.98 extra costs and in addition had his position endangered upon two occasions.

Another method used by Mr. Nowlin in collecting for H. A. Courtright is to send a personal letter to the employer after he has received the assignment of wages. In most cases the employer is very reluctant to assist his employee after one of these letters has been received. A case in point is that of a manufacturing establishment in the city the cashier of which had decided to assist an employee and had sought legal advice. When a letter, a copy of which appears on the following page, was received by the cashier of the company. Upon receipt of the letter he decided to drop the matter as the employee had no legal grounds for complaint, although he had paid $18.00 for a loan of $13.25 for six weeks and Mr. Nowlin was demanding more.

We hustle while others loaf
The harder they are the better we like them

COAST CITIES COLLECTION CO.
(Incorporated)
COLLECTIONS OF ALL KINDS.
Metropolitan Office, 132 Nassau St., Room 318,
E. C. Nowlin, Manager.

NEW YORK CITY, February 15, 1908.

———— Bros.,
New York.

Gentlemen.—Mr. H. A. Courtright of Providence, Rhode Island, has placed in our hands for collection a claim against you for wages earned and assigned to him by one of your employees.

As it is generally understood by all attorneys that an assignment of wages is good, we suggest that you place this matter in the hands of your attorney, and let us refer him to a number of similar cases, where we have sued for Mr. Courtright and invariably won, some of the cases being appealed and judgment affirmed. Most of these cases were against big and well-known New York corporations.

We write this in the hope of effecting a settlement, without the unnecessary trouble and annoyance to you and to us, of a law suit. Or perhaps the employee himself would relieve you of this matter upon a suggestion from you.

Very truly,
COAST CITIES COLLECTION COMPANY,
per

The business methods of the other salary loan companies in New York City are materially different from those which have been described. The money is secured in the same office in which the application is made, payments are made in the same office, collections are almost always made by the same company, and it is very seldom that extra charges are imposed.

The applicant is required to answer a large number of questions ([a]) concerning himself and his position. His case is thoroughly investigated and if the company feels he is a good risk the loan is made. If not he is either rejected or is asked to secure an endorser.

The attitude of the loan company toward this investigation is important as explaining the fact that so many employees borrow money from this class of money lenders when they are aware that if their employer knew of the transaction they would lose their positions. Recently two young men called at the office of Mr. Daniel Weber, No. 110 West 34th St., one of whom applied for a loan. When he asked about the investigation that would be made the man in charge stated that they had a secret system by which no one would ever know that he had applied for a loan, that none of the references would be personally visited or written to, but that the facts would be ascertained. ([b]) When the impossibility of securing information without inquiry was suggested the manager replied: "That is a secret of the business and you pay us our rates and we guarantee you that no one shall ever know anything about this loan or anything about the fact that you applied here for a loan." This assurance is very effective with the ordinary employee.

An ingenious method is employed by some of the companies to verify both the home address and the business address of the applicant. Two letters are sent at the same time, one to each address, and the applicant must present them both on the following day in order to secure the loan.

Any general characterization of the treatment of the borrower by the different loan companies would be unjust. Some of the companies are very considerate and do all they can to help the borrower and only as a last resort use the assignment of wages as an aid in collection. Several cases have been investigated in which the loan companies waited for several weeks for the regular payments and made no extra charge for the delay. In one case the borrower was several weeks behind in his pay-

(a) For copy of Application Blank, see Appendix I, page 93.
(b) See page 45, concerning investigation of an employee.

ments, which were $2.25 each. The loan company agreed to accept $2.00 per week from date until the amount was paid. The man had not been "hounded" in his business nor had he received other than courteous treatment. In another case the borrower was several weeks in arrears in his payments and the company had addressed several very courteous letters to him, none of which he had answered, and as a last resort the following letter was sent:

W. R. HERON
GENERAL BROKER
ROOM 715,
99 NASSAU STREET

TELEPHONE 6. CORTLANDT

NEW YORK, N. Y.

Feby. 18- 1908

Dear Sir;-

Sometime ago you were notified that your account at this office was IN ARREARS.

We must now insist that you give same your IMMEDIATE attention.

Not receiving any reply to our former letter, we are forced to believe that you are trying to AVOID paying us this money.

We desire an AMICABLE adjustment of the account, but if you persist in NON ATTENTION to our notices, we shall be compelled and feel justified in resorting to other means to get our money.

We have treated you COURTEOUSLY in this matter and only ask for like treatment in return.

If we do not hear from you within the next three days, we shall certainly insist on FULL settlement of ENTIRE claim at once.

Yours Respectfully,

Last Notice

W. R. HERON.

Some of the companies, on the other hand, seem to be anxious to cause the individual employee all the trouble possible. If he is a single day late in his payment, a letter, a telephone call and a personal visit from the agent are all forthcoming. One com-

pany sent its agent every week to call upon a young man who was seriously ill with typhoid fever, and the instructions from the owner of the company were to threaten him that if he did not secure the money and make his payments at once his family and his employer would be notified of his refusal to pay. The collector from the same company returned to the office at another time and reported that a certain customer was unable to meet his payment but would pay the following week if the company would not notify his employer. He told the collector that if his employer was notified he would lose his position and it would be impossible for him to bear the strain as his family knew nothing about his financial affairs. He further stated that if he should lose his position the only course open to him was suicide. When the collector reported these facts to the owner of the company she (a) said if he committed suicide they would close the office a day and all attend the funeral but that the employer would be notified unless he paid the next day.

A very important employee of the salary loan offices is the individual called a "Tracer." It is the duty of this person to "locate" customers of the loan company who have lost their positions through an assignment of wages or who for any other reason change their employment. The work of this employee is known in loan circles as "hunting skips." The effectiveness with which his work is executed is shown in the case of a telegraph operator who was located by the tracer in four successive positions in New York City all of which he lost because of an assignment of wages filed upon the different employers by the same loan company. In despair he went to Cuba only to be discovered there after a few weeks. A file was immediately placed upon his wages and he was discharged.

The entire transaction with a salary loan company is surrounded with secrecy. It is impossible in most cases to know who owns the office, to secure a copy of the papers which the applicant signs, to secure the rates charged, or to ascertain the amount of cash received on an individual loan.

One of the managers when asked why the business was carried on so secretly and why the inside office was always inacces-

(a) Only case found in the investigation in which the office was owned by a woman.

sible to an outsider, replied: "My boss don't want anybody to know who he is. You know he lives in a wealthy part of the city and he wouldn't have any of his friends know he was in this business for the world. The reason we have the inside office locked and never permit any stranger to come in is we are afraid some detective from Mr. Jerome's (a) office would come some time and take our papers and books. Whenever we have any suspicion of anyone we always lock all the papers and books in the safe. We never give our rates to anyone until we make the loan and we never permit anyone to see the papers the customers sign. We must be very careful about our business or we might all get put in jail like the girls did a few years ago when the District Attorney drove all the salary loan offices out of New York City."

Several attempts have been made by different employees who had paid their loan in full to secure the papers they had signed but this has been refused in every case. A receipt is given canceling the bill of sale, the signature is torn from any papers which the borrower has signed and the papers are destroyed.

The offices are almost exclusively in charge of women and girls. Several reasons are given for this situation, a very important consideration being that it is cheaper. Another important reason is that D. H. Tolman who owns offices in sixty-three different cities, has made it his custom for several years to hire young women and in so doing they have learned the business. The result has been that in nearly every case when a new loan office has been opened in the city the owner has secured the services of one of Tolman's experienced managers. This has been a source of much trouble to Mr. Tolman, who has tried several plans to keep his employees from leaving him and working for a competitor. He insists as a condition of employment that each new employee sign an agreement that she will not reveal the secrets of his business and will not enter the employ of any individual doing a similar business for a period of two years after the termination of her contract with him. The contract is extremely binding and is so worded that the salary is considered

(a) District Attorney of New York County.

compensation for services rendered and for keeping the aforesaid agreement. Some have suggested that the women managers are employed in order to avoid friction with angry customers. It would be very difficult indeed for the customers to refrain from physical violence if they were treated by a man as they are often treated by the women managers, although it must be said that the women in charge of some of the offices are most courteous.

A common practice of the salary money lender is to open a new office under a different name when the business in the old office has reached a certain volume. This is illustrated in the case of S. Carr Carroll of Chicago who opened an office in August under the name of Carr & Company and in November opened another office under the name of Moore & Company. This explains the fact that several of the largest offices are controlled by the same individual.

In scarcely any case is the name of the owner publicly connected in any way with the office. A firm name is used and in case an individual name is necessary it is generally the name of the manager or some woman in his employ. A few illustrations will show the different methods used to conceal the real owners of the different offices.

One of the firms operating under the name of L. G. Smith is on record at the County Clerk's office under date of August 31, 1906, as follows: "I, Cora E. Raynor, do hereby certify that I am about to conduct or transact business under the name of L. G. Smith and I further certify that the true and full name of the person about to conduct or transact the same is as follows: Cora E. Raynor, No. 43 Nelson Place, Newark, N. J." Miss Raynor is known to be an employee of Mr. L. B. French (a) of Chicago, who also owns the office doing business at No. 116 Nassau Street, under the name of Mason Financial Company and managed by Miss Heavey. The firm of Wells & Company is explained by the following document on file in the County Clerk's office under date of June 5, 1905: "I, Arthur W. Connable, do hereby certify that I intend to conduct or transact the business of buying choses in action under the

(a) The name of Mr. French was obtained from one of his employees.

name of Wells & Co." Similar documents in the County Clerk's office reveal the fact that the same A. W. Connable is also doing business under the name of Standard Credit Company, Harper Realty Company, and Patterson and Company, each of which is doing a large business. When the manager of one of these offices was asked if this connection did not exist she positively denied it. She said there was absolutely no connection between the companies enumerated.

The real owner of the New Jersey Finance Company is shown by the following sworn statement under date of February 28, 1907: "I, Mary I. Sherman, do hereby certify that I intend to conduct and transact the business of Loan Broker under the name of the New Jersey Finance Company." Miss Sherman was formerly an employee of D. H. Tolman.

The ownership of the Federal Discount Company is somewhat more complicated, but evidence is at hand which proves the identity of the real owner. Letters sent from the office are signed Federal Discount per A. Greenberg. A. Greenberg is the young woman from whom the borrower ostensibly receives the loan, since she is the person to whom the application is made and the person from whom the borrower receives the money. The name of L. Doran appears in a conspicuous place upon the notification of assignment which is sent to the employer from the aforesaid Federal Discount Company. L. Doran is the young woman who collects for the company, and signs her name as treasurer of the corporation.

The Articles of Incorporation of the Federal Discount Company under date of August 26, 1905, show that the company has an authorized capitalization of $25,000, $24,800 of which is owned by Benjamin J. M. Barreau, $100 by James Frazer and $100 by Henry J. Graham. Benjamin J. M. Barreau is also known in business circles as Benjamin J. M. Galopin.

The offices of R. C. Chesterkirk and Walter Graham, both of which act as brokers for H. C. Courtwright of Providence, R. I., are on record as being trade names for the State Trading Corporation which is organized under the laws [a] of the State

(a) Chapter 908, Laws of 1896, as amended.

of New York with a capital stock of $2,500. Names of the signers of the Articles of Incorporation are, A. L. Goldshear, Boston, Mass., M. F. Valpey, Providence, R. I. and R. E. McGowan, New York City.

In case of the loan office of Heron & Company there is on file in the County Clerk's office under date of January 14, 1907, a document in which Vina Woodworth of Milwaukee, Wisconsin, certifies that she intends to conduct and transact business in the City of New York under the name of Heron & Company.

Recently a borrower received a letter ([a]) concerning the payment of a loan which he had received from Heron & Company, which was signed by W. R. Heron, General Broker. It is clearly evident from the correspondence that W. R. Heron and Heron & Company are used interchangeably.

The Piermont Finance Company, according to the statement made to the County Clerk, is the trade name under which Mr. Raymond H. Boaz and Mr. M. May are conducting the business of note brokers, which being interpreted means loaning money secured by an assignment of salary.

The owner of two large salary loan offices in the city has refused upon several occasions to permit his name to be known. The manager of another large office doing business under a company name carelessly used the name of her employer in conversation with a friend. She immediately insisted that the friend should not permit the name of the owner of the office to become public. Another manager was severely criticized by her employer for using his name in conversation with a borrower.

The case of D. H. Tolman should be mentioned as an exception to the fact that the real owners of the different offices desire to be unknown. The fact is emphasized that he is in the salary loan business and that he owns offices in sixty-three different cities. He does not hesitate to criticize his competitors for conducting business under assumed names. A letter recently circulated among his customers will illustrate his attitude:

(a) For copy of letter, see page 60.

OFFICE OF
D. H. TOLMAN
ROOM 816, DOWNING BUILDING
108 FULTON STREET
NEW YORK CITY

IMPORTANT NOTICE TO MY PATRONS.

This is to caution my customers against being mislead by any seeming inducements that may be offered by any of my late employes under whatever fictitious or assumed name the business may be conducted. Rival concerns have from time to time conspired with and employed some of my employes, trying thereby to steal my business and I deem the present word of caution and explanation to my customers due them, as to how their names become known and business solicited.

There are certain unscrupulous men, would be competitors, who have opened several offices under various fictitious or assumed names, who are afraid to do business under their own names. There is a reason. Such firms are usually irresponsible and frequently have to pledge what they get from customers for capital to do business with; such business thus becomes public and in case of insolvency of firm, might cause customers irreparable damage and jeopardize their positions. There are many other reasons as you can imagine why such firms are afraid to do business in the open. Consider whether it is not safer and better to deal with a man who has been established in all the leading cities of the country for many years, than with an unknown concern.

Remember, I have no interest in any other concern, and that my old customers are always welcome and appreciated.

Yours truly,

D. H. TOLMAN,

Room 816, 108 Fulton St., New York City
Room 406, 31 West 42nd St., " " "
Room 513, Arbuckle Building, Brooklyn
Room 312, 76 Montgomery St., Jersey City.

The papers signed by the borrower are similar in the cases of the different companies. The Application Blank, Bill of Sale of Salary, and Power of Attorney are the three legal documents (a) which are always signed unless the power of attorney

(a) Copy of the different documents given in the Appendices.

is so worded that the signature to the bill of sale is unnecessary. In a few cases the loan company requires the borrower to sign a number of notes, one for each payment, also several blank papers which are to be filled out later. These blank papers when filled out constitute an assignment of wages and are served upon the employer in case the employee fails to meet his payments. In one office the writer saw four of these blank papers which had been signed by an applicant. The manager explained that they would be used only in case the borrower refused to pay.

It would seem that a man with ordinary intelligence would refuse to sign a blank paper giving the loan company the power to fill it out later; it would seem also that he would refuse to sign the power of attorney which in the majority of cases is most binding. (a) As a rule, however, there is no objection on his part.

There are several reasons for his willingness to sign the different papers. He expects to meet his payments promptly and the penalties for failure to pay cited in the documents do not alarm him. His economic condition is generally such that the securing of the money is an absolute necessity and the thought uppermost in his mind is the procuring of the loan. A number of cases have been investigated by the writer in which the need of immediate relief was so great that the individual involved was willing to sign almost anything in order to overcome the emergency. The nature of the documents themselves and the inability of the ordinary individual to understand legal terms make the securing of the signature less difficult. The manner in which the papers are often arranged for signature makes the reading of them impossible. They are either so folded (b) that their character is concealed or arranged under other papers so that the entire document is covered except the space for the signature. Numerous cases have been found in which the borrower denied having seen the papers which he had evidently

(a) An attorney expressed the belief that the Power of Attorney used by H. A. Courtright is the most binding document he had ever read. For copy of same, see Appendix III, page 97.

(b) For copy of the folded paper, see page facing page 54.

signed. (a) Should any question arise in the mind of an applicant as to the contents of the papers to be signed it is immediately dispelled by the firm assurance of the manager that the paper is of no practical value, that it is only a necessary form which must be carried out in order to make the transaction legal. The manager of several large offices said to one of her friends that the individuals in charge of the different offices were instructed to arrange the papers so that the applicant could not read them. The reason given was the fear that if the contents of the papers were known to the borrower he would refuse to sign them. Several employees have denied signing the papers when they were presented to them, but they were forced to admit that the signature was genuine.

The attitude upon the part of the loan companies toward a third party who attempts to settle for a borrower should be considered. It depends very much upon the relationship of the third party. If he is a friend of the borrower, the company demands the entire amount and will not consider any other proposition. If he is an attorney, the company generally shows a marked disposition to arbitrate and settle the matter at once. In the majority of the cases in which an attorney has attempted to settle, and could secure the cooperation of the employer, the loan company has settled for the amount of cash received plus a reasonable rate of interest. If the third party is the employer of the borrower and he refuses to pay the amount demanded, it is very seldom that the loan company takes any legal action as they believe this kind of publicity detrimental to their business. The only important case in recent years in which a loan company seriously contested the law was the case of Thompson *versus* Interborough Rapid Transit Company. (b)

The connection between the different loan companies is a subject which has attracted considerable attention. It is a not uncommon belief that the various loan offices in the city have a clearing house where the names of the customers of all the offices are on record. This however is not the case. The keenest competition exists and it is impossible for one company

(a) For affidavit of George Kay, see page 53.
(b) 49 N. Y. Miscellaneous 102.

to secure the names of the customers of another. The absence of a central clearing house is proved by the fact that cases are not uncommon in which the same individual has loans from several different companies at the same time. Several attempts have been made to secure some method of cooperation but they have all failed. The reason given by the managers of the loan offices is the fear that some of the companies would use the central office as a means of securing customers. One manager said, "If we have a good customer, we don't want to lose him; if we have a poor one we would like to have him do the other company the same as he has done us."

The companies all agree that some plan which would make it impossible for the same individual to borrow from several different companies at the same time would be extremely desirable. Aside from the offices which are owned by the same person there is a certain amount of cooperation among a few of the other companies. It takes the form of friendly relationship between the managers and they converse with one another freely concerning the individuals who have loans with them. A common method of attempting to secure information is to inquire by telephone of the different offices whether or not a certain individual has a loan with them and also whether he is considered a good risk. This method is often unreliable as is shown by the following experience:

A certain employee had considerable trouble with several companies but finally secured the necessary money and paid them all in full. He applied at another office for a loan and the manager telephoned to one of the companies with which he had a previous loan and asked the manager about him. She replied that he was "all right, only a little slow." The office which gave the favorable report considered the man in question to be positively dishonest and had refused him another loan.

VIII.

LOAN COMPANIES AND THE LAW.

Several states have attempted either to regulate or to prohibit entirely the loaning of money secured by an assignment of wages. The table inserted herewith presents in tabular form the most important provisions of the laws of the different states, to Jan. 1, 1908.

Seventeen states have some legislation upon the subject. The scope of the legislation varies. Louisiana and New York are types of states which have very little, while Massachusetts and Maryland give illustrations of rather extensive laws. Virginia, Georgia, Colorado, Michigan and Tennessee have included the regulation of loans secured by an assignment of wages and loans secured by mortgage on household furniture in the same law.

Indiana and Georgia definitely prohibit the assignment of unearned wages under any condition. Georgia, however, permits the assignment of wages which have been earned at the time of the assignment. Ten states have determined by law the wages that may be assigned, five of which make legal the assignment of future wages, one the assignment of wages earned at the time of the assignment, and four wages either earned or to be earned at the time of the assignment. Seven of the states require that the assignment be recorded and four require that the assignment be acknowledged before an officer of the law authorized to take acknowledgements. Five states definitely limit the time for which the assignment may be made. The time varies from thirty days in Colorado to two years in Massa-

SUMMARY OF THE LAWS OF THE DIFFERENT STATES CONCERNING THE ASSIGNMENT OF WAGES JANUARY 1, 1908.

State.	Wages that may be assigned.	Acknowledgment required.	Entry in Public Records.	Limit of time for which future wages may be assigned.	Notification of employer.	Concurrence of husband and wife.	Charges allowed.	Contents of assignment.	Consent of employer.	License.	Other provisions.
Colorado.	Wages or salary earned or to be earned.		Recorded with County Recorder within five days from date of assignment.	30 days from date of assignment.	Notice of assignment in writing given to employer within 10 days after execution.	Signature of both husband and wife necessary.	2 per cent per month upon actual amount received.	Must state the amount of salary assigned.		License must be secured from Board of County Commissioners or City Council.	One-half the fines to informer and one-half to school fund.
Connecticut.	Applies to future earnings.	Must bear certificate of acknowledgment of assignor.	Must be recorded with Town Clerk.	Time definitely stated in contract.	Copy of assignment must be given the employer.			Rate of interest, time of assignment and amount of indebtedness.			
Georgia.	Applies to wages due at the time of the assignment.									License required.	Any assignment of future wages void. Lender bonded.
Illinois.	Wages to be earned in whole or in part.	Acknowledged in person by assignor before Justice of Peace.	Must be entered upon the docket of the Justice of Peace.	Six months from time of assignment.	Copy of assignment served upon employer within 3 days from date of acknowledgment.	Must be executed and acknowledged by both husband and wife.					
Indiana.											Assignment of future wages void.
Iowa.		Must be acknowledged before an officer of the law.			Notice in writing of assignment given to employer.	Husband and wife must both acknowledge the assignment.					Assignment shall have priority in order of execution upon employer.
Louisiana.	Future wages.								Employer must consent in writing.		
Maine.			Recorded with Clerk of County.		Actual notice thereof to employer.						
Maryland.		Acknowledgment before Justice of the Peace, in person.	Must be recorded.	Six months from date of assignment.	Notice of assignment and execution served upon employer within three days.	Executed and acknowledged by both.	Six per cent per annum.				Evidence of notice to employer to be his signature upon orighal assignment.
Massachusetts.	Future wages.			Two years from date of assignment.	Copy of assignment and an account given to employer upon the date of execution.			Amount of money received. Interest to be paid. Standard form required.			Account to employer must contain a statement of the balance due, amount received and the amount of each payment.
Michigan.							Two per cent per month.	Amount of loan. Time of loan. Interest charged		License from the Mayor of the city.	When payments are made borrower receives a written statement containing amount paid, amount previously paid and amount due. Lender must give bond for $1,000.
Minnesota.	Earned or to be earned.			60 days from date of assignment.	Copy of assignment given employer within three days of its execution.				Employer must consent in writing to assignment of wages to be earned.		
New Hampshire.	Future wages.		Recorded with City Clerk.		Employer must be informed in writing.				Employers must accept the assignment in writing.		
New York.	Wages earned and to be earned.				Copy of assignment must be filed with employer within three days after assignment is made.						
Rhode Island.			Recorded with Recorder of Deeds.								
Tennessee.	Unearned wages.								Employer must consent in writing.	License required.	Facts concerning each loan recorded in book which is open to the inspection of the city officials.
Virginia.										License required.	

CITATION OF LAWS USED IN COMPILING THE PRECEDING TABLE.

Colorado—Laws of 1907. Chapter 240, 241.
Connecticut—Public Acts of Connecticut, 1905, Chapter 78.
Georgia—Laws of Georgia, 1904. No. 617, Part 1, title 9.
Illinois—Laws of Illinois, 1905, page 79-80.
Indiana—Statutes of Indiana, revised 1902, Section 7059c.
Iowa—Laws of Iowa, 1906, Chapter 148.
Louisiana—Acts of Louisiana, 1906, No. 5.
Maine—Laws of Maine, 1907, Chapter 103.
Maryland—Laws of 1906, Chapter 399.
Massachusetts—Laws of Massachusetts, 1905, Chapter 308, 1906, Chap. 390.
Michigan—Laws of Michigan, 1907, No. 237.
Minnesota—Laws of Minnesota, 1905, Chapter 309.
New Hampshire—Public Statutes of New Hampshire, 1901, Chap. 215.
New York—Laws of New York, 1904, Section 77.
Rhode Island—General Laws of Rhode Island, 1896, Chapter 254.
Tennessee—Laws of Tennessee, 1902, Chapter 21, 1905, Chapter 109.
Virginia—Laws of 1906, Chapter 156.

chusetts. Connecticut does not place a definite limit upon the assignment but requires that the time of the assignment be definitely stated in the contract.

Ten of the states require that the employer be notified of the assignment, either when it is made or within a reasonably short time. ([a]) New Hampshire, Louisiana, Rhode Island and Tennessee go further in this respect than any of the other states and demand that the employer accept the assignment in writing before the same is valid. A very helpful provision which aims to obviate trouble in the home, is included in the laws of four of the states, viz: the signature or acknowledgment of the assignment by both the husband and the wife.

Only three of the states definitely regulate the charges which may be collected on a salary loan. Several of them legalize charges for investigating security offered, but since this applies only to those laws which include mortgage loans and the charges are intended primarily for investigation of the property upon which the mortgage is given, they are not included in this table.

Four of the states require that the assignment contain certain definite information. Colorado provides that the amount of salary assigned must be stated. Connecticut requires the rate of interest and the time of assignment to be given. Massachusetts not only requires that the assignment state the amount of money received and the interest to be paid but also that a standard form ([b]) of assignment be used. The Michigan law requires that the assignment contain the amount of the loan, interest charged and time of loan.

Five states require a license in order to conduct the business of loaning on salaries. Maryland and Massachusetts define what the term assignment shall include. The Iowa law provides that assignments shall have priority in order of execution upon employer. Connecticut has the unique system of paying to the informer one-half the fines collected. The Michigan law provides that when a payment is made the borrower shall receive a slip containing the amount paid, amount previously paid and the amount due.

(a) For the manner of evading this provision of the law in New York, see page 75.
(b) See Appendix XVIII, page 121.

In addition to the state law, a few of the large cities have police regulations which supplement this law. Boston is a good illustration of this type of regulation. The state law (a) is supplemented by police regulations (b) the chief provisions of which are as follows: To loan money in amounts of less than $200 for an interest greater than 12 per cent *per annum* secured by an assignment of wages, a license must be secured from the Board of Police; the license is good for one year or until September following the date when secured; a bond of $500 is required, also the payment of a $50 license tax anually; interest of 24 per cent *per annum* may be charged if the amount does not exceed $50; if the loan is for more than $50, an interest rate of 18 per cent is allowed. When the loan is made, the lender must give the borrower free of charge a ticket which shall have the form approved by the Board of Police, stating in plain English language the nature of the loan, names of persons involved, property, mortgage or wages assigned, date debt is to become due, and rate of interest to be charged. Each payment must be endorsed upon the back of the ticket and a statement made whether it is interest or payment on principal; it must also state amount paid and amount still due. In case the ticket is lost, the lender must give the borrower a copy of it free of charge.

Every licensee must keep a book with the actual transaction of each person recorded. He must also send a written report to the chief inspector of police on the first day of each month stating briefly all loans made, names of persons and amount and security taken, and all loans paid off, all mortgages and assignments released and all foreclosed for the month. Such information shall not be divulged by the chief inspector except when required by law or by order of the Board of Police. All books of the licensee are open to inspection of the Board of Police or any police officer authorized by them. Violation of the preceding ordinance may be punished by a fine not to exceed $300, or imprisonment in the workhouse

(a) For copy of law, see Appendix XVIII, page 120.
(b) Police Rule, Chapter 102, Section 57-61.

for a period not exceeding 60 days, or both. The Board of Police may revoke the license.

There has been very little legal regulation of the salary loan business in New York City. There are no local police regulations and the only state law with reference to the business except the general usury law ([a]) is the law of 1904, ([b]) previously mentioned on page , which provides that the loan company taking an assignment of the wages of an employee must file a duly authenticated copy of the same with the employer within three days from the date when the assignment was made.

Prior to 1904, section 378 of the penal code made it a misdemeanor to charge more than 6 per cent upon a loan secured by an assignment of wages. Under this law the District Attorney made a very vigorous prosecution of the salary money lenders during the winter of 1903-4. The result was the closing of practically all of the loan offices in New York City. The majority of the owners of the different offices immediately fled to New Jersey where they continued in the same business until an amendment was secured to the penal code in 1904, which excluded loans secured by an assignment of salary from criminal prosecution. Practically all of those who had gone to New Jersey following the activity of the District Attorney's office, now returned to New York and re-opened their offices.

The courts have consistently held that wages are a commodity and as such are assignable, also that they are capable of purchase and sale. ([c]) The court held in the case of Bliss vs. Lawrence ([d]) that although wages might be bought and sold, like any other commodity, yet the sale or assignment of the wages of a public officer could not be considered valid, since such sale or asignment is against public policy.

The decision immediately raises the query, whether conditions at the present time do not demand an attitude on the part of the court which would extend the interpretation now

(a) Any rate higher than six per cent *per annum* is usury.
(b) Laws of New York, 1904, Section 77. For copy of Law, see Appendix XVII, page 120.
(c) American Encyclopedia of Law, Vol. 1, page 828.
(d) 58 New York 442.

placed upon the assignment of the salaries of public officers to all wage earners whose wages are only sufficient to support their families. This idea has been realized in some of the states by exempting a part or the whole of an employee's salary. (a) There are so many considerations to be be taken into account in determining which plan is the better for the laboring man and for society as a whole, that perhaps it is impossible to decide at the present time which is the better policy, but the subject is of sufficient importance, at least, to merit careful consideration.

The general usury law is evaded with impunity in New York City at the present time. The defense of the money lenders is that they are not loaning money secured by an assignment of wages, but that they are purchasing salaries. Their attitude is illustrated by the following extract from an item in the Montreal *Star* of March 3, 1908:

> Word was recently sent out by Mr. A. Bienvenu, of the city licensing department that the money-lenders would have to pay the sum of $200 a year under by-law 362 which so provides.
>
>
>
> When the notification was sent to his [D. H. Tolman's] office here it was forwarded to him in Brooklyn, for, of course, it could not be handed to him in Montreal. In due course the following answer was received by Mr. Bienvenu:
>
> Auditing Department,
> D. H. TOLMAN
> Room 515
> 367 Fulton Street,
> Brooklyn, N. Y., Feb. 26th, 1908.
>
> Mr. A. Bienvenu, Supt. of Licenses, Montreal:
>
> Dear Sir.—Replying to yours of 24th, would say you seem to be under the impression that my office in your city now does a money-lending business, WHICH IT DOES NOT DO. We have done no loaning business in Canada for about two years. We simply buy time. That is if a man wants to sell a week's or a month's future wages we buy the same, just as we would so much growing crop of wheat or apples on the trees, or any other commodity, for future use. WE TAKE NO NOTES WHATEVER, THEREFORE NO INTEREST. Consequently we are not liable for any money-lending license whatever. I am, however, perfectly willing to pay my business tax, same as any one else does, any time, in

(a) Code of Georgia, Section 4732.
Kentucky Statutes, Section 1701, 1701a.
Statutes of Oklahoma, Section 5084.
Wisconsin Statutes, 2084.

proportion to my rent, and, I don't think that you should try to enforce any license that I am not liable for, or in any way to annoy my employees or to cable at my expense, as I wish to do the proper thing and obey the laws at all times.

Yours very truly,

D. H. TOLMAN.

Mr. Tolman is invited to come to Montreal and discuss the question with the city attorney.

The law of 1904 (a) provided for the notification of the employer within three days after an assignment of the wages of an employee had been made. The loan companies have attempted to evade this law by requiring the borrower to sign a power of attorney. This document which the borrower is required to sign authorizes an attorney to sign the borrower's name to several different legal documents, one of which is a bill of sale of his salary. The contention of the loan company is that the employee does not assign his salary when he signs the power of attorney, but that the salary is assigned when the attorney signs the employee's name to the bill of sale. If the contention of the loan company is valid, the law of 1904 is of no effect, since the attorney makes the assignment three days before the time it is served upon the employer.

The method used by one of the loan companies to evade any attempt at legal regulation by the state of New York, is that of having its office in Providence, Rhode Island, and of acting through brokers who have offices in New York City. The brokers disavow any responsibility for the loan and the transaction is ostensibly carried out in the state of Rhode Island. The borrower receives a check dated at Providence, signed by H. A. Courtright for the amount of the loan, and is required to make his payments direct to the office at Providence. The transaction is made to appear so complicated that the borrower finds it difficult to understand the relationship of the different persons involved. The borrower is required to sign a power of attorney which authorizes said attorney to sign the name of the borrower to promissory notes. It is made to

(a) Laws of 1904, Section 77.

appear that the attorney resides in Providence, where a sufficient number of notes are made out to cover the amount to be paid by the borrower. A separate note is made out for each payment. The notes do not, upon their face, bear interest until maturity, since the interest or charge for the loan is included in the face of notes. After maturity the notes bear interest at 2 per cent per month. The interest charged, although legal according to the law of Rhode Island, where the loan is assumed to be made, would be illegal according to the laws of New York, where the transaction actually takes place.

The borrower is notified when he received the check from Providence, signed by H. A. Courtright, that the notes have been sold to him. It is extremely difficult under such circumstances to establish by legal evidence the relationship between the amount of cash actually received by the borrower and the face value of the notes, which Mr. Courtright claims to have purchased. Under the power of attorney the loan company may file with the employer at any time, an assignment of the wages of the employee. If the employer refuses to recognize the assignment and action is begun by the loan company to recover the salary of the employee, the court has held, as in the case of Thompson *versus* Interborough Rapid Transit Company ([a]) that the defense of usury cannot be set up, because that defense is personal to the borrower. The only remedy at law which the employee has found so far, is a suit for the recovery of the amount paid the loan company in excess of the legal rate. This is practically out of the question for the borrower, inasmuch as he does not have the time and money at his disposal.

Several cases have been investigated recently in which it was impossible to secure legal protection for the borrower, although there existed a just and adequate remedy at law. The employer had made a ruling that if any employee was known to borrow money from salary money lenders he would be discharged. The loan company, aware of this regulation

(a) 49 N. Y. Miscellaneous 102.

by the employer, threatened to notify him in case the employee, for any reason, refused to pay the amount demanded. The threat of notifying the employer, which would result in the loss of his position to the employee, has made it possible for some of the money lenders to collect exorbitant charges for their services. If the money lender suspects that the borrower has consulted an attorney as to the legality of the charges imposed, he is immediately advised that his employer will be notified of the assignment. This "club" of the money lenders has done effective service not only in New York City, but in other cities of the United States where the law is much more stringent.

In several cases which have been tried in recent years the court has held that the schemes of the loan companies are only different methods employed to hide a usurious loan and has found in favor of the borrower. One of the most notable of these cases is that of D. H. Tolman *versus* Union Casualty & Surety Company. (a) The case was appealed from the St. Louis Circuit Court. Tolman sued to collect $150.00 on a loan of $83.00 and submitted as evidence of the debt the power of attorney (b) which the borrower had signed. The court held as follows: "We have no doubt but that the agreement between Tolman and Andrews was for the purpose of securing a usurious loan."

The municipal court of Rochester, New York, has within a few months rendered a similar decision against Mr. Tolman. The following extract from a letter written by the attorney (c) for the borrower gives the chief points involved in the case: "The defense was that Tolman had bought this man's salary, or, in other words, had bought his time. To prove this, the assignment of wages was given in evidence. My contention was, that no matter what form the transaction might take, the law would look through the form to the substance and effect. I held this was in effect a loan, no matter what it was called. The judge left it to the jury . . . and the verdict was in our favor."

(a) 90 Missouri App., 274.
(b) See Appendix V, page 102.
(c) Mr. Geo. S. Van Schaick of Rochester, N. Y.

The case has been appealed by Tolman to the county court and the outcome is awaited with considerable interest, as is also the outcome of the action which has been brought through Mr. Bernard Robinson, attorney, against three different salary loan companies (a) in New York City to recover the difference between the amount of cash received by the borrower, plus a reasonable rate of interest and the amount the borrower was compelled to pay. There is a tendency on the part of the court to look through the form of a transaction to the substance and to hold that any advance of money is a loan and as such is subject to the general usury law.

(a) Wassam *vs.* H. A. Courtright.
Leake *vs.* Patterson Co.
Gully *vs.* New Jersey Finance Co.

IX.

EFFECTS OF THE LOAN COMPANIES.

Modern economic life is so complicated that it is almost impossible to determine the effect of a single cause in producing a general result. Social workers agree, for instance, that there is no one cause of poverty, intemperance, destitution or crime, but that there are at work a number of causes, which are so closely intermingled that it is impossible to calculate the exact influence which each has exerted in producing the general effect. There can be no question that the salary loan business in New York City if not the direct cause of certain economic and social ills has at least been an important contributory cause.

The effect upon the employer is found to be practically the same in every instance in which the employee is unable to meet his payments. There is decreased efficiency due to worry concerning the loan; interference with the operation of the business by visits from collectors, telephone calls and letters ([a]); increased expense in bookkeeping when the employee's salary is held up; a general loss of confidence in the employee. These results are so important that a large number of establishments in the city discharge an employee when an assignment of wages is filed upon him by the loan company. In the entire investigation not a single employer was found who was not definitely opposed to having his employees borrow from a salary loan company.

It should not be understood that all of the employees who borrow from the loan companies cause their employers the

(a) The cashier of a large bank has received over forty letters from one company concerning a loan of an employee.

inconveniences here indicated. Many secure loans and repay them unknown to their employers. What has been said applies only to an employee who for any reason is unable to meet his payments.

The influence of the loan company upon the home is more difficult to determine. The value of any service is measured by the utility to the individual who receives it. It is quite possible that a loan upon which a very high rate of interest is paid may be of such great value to the individual at the time he receives it that he can well afford to pay the interest demanded. If the loan enables the family to meet a temporary emergency and can be repaid without serious inconvenience, it serves a good purpose, but if the rate of interest is so high that it is impossible for the family to pay it without seriously lowering its standard of living, it is not a benefit, but a hindrance. In every case investigated by the writer in which the borrower was a married man, the high rate charged by the loan company was a rather serious burden upon the family. Many employees who secure loans find it impossible to save enough money to pay more than the interest, and are thus constantly in debt for the original loans. The experience of an employee of a large manufacturing establishment on Beaver street illustrates the burden which such a condition imposes. He secured a loan of $24.00, for which he agreed to pay $30.00 in one month. When the $30.00 became due, it was impossible for him to pay the entire amount from his wages and at the same time pay necessary living expenses. The loan company gave him a new loan of $24.00 upon payment of $6.00, which canceled the old loan and placed him in the same position in which he was at the beginning of the preceding month. This employee has paid $6.00 each month for two years, making $144.00 which he has paid upon the original loan of $24.00, and he is still indebted to the loan company for $30.00. This process will be continued indefinitely unless he is able to pay $30.00 at one time. An intelligent man on finding that he could not pay the entire amount in one payment would save a small sum each month until sufficient provision had been made to cancel the entire debt, but as in the

case just cited the employee often lacks business capacity and, weakened by his unfavorable circumstances, he follows the line of least resistance and by paying $6.00 interest each month he secures a new loan.

The prevalence of this condition of affairs is shown by a careful examination of the books of one of the prominent loan offices in the city. (a) In a list of four hundred borrowers, one hundred and sixty-three had been with the company over two years and an equal number from a year to a year and a half. A manager of a prominent office in the city, when asked the reason why the company did not advertise, replied that there was no need to advertise as the majority of the customers took out a new loan as soon as the old one was paid; that it was not uncommon for them to take a new loan to pay the old one in order to avoid paying more than the difference.

In case the loan company demands the entire amount in one payment, the only alternative for the borrower is to secure a loan from another company. When the process of borrowing from one loan company to pay another is begun, it is not long until the employee is so hopelessly involved that it is impossible for him to secure his release unless he receives outside aid. An employee of the New York Central R. R. Co. began this process recently, and in a very short time it was necessary for a charitable society to advance him $240 in order to save him his position and secure his release.

The experience of an employee of a large transportation company illustrates the hardship to the family when the practice of borrowing from one loan company to pay another is begun. Sickness in the home made a small loan necessary. The office of Howard, No. 73 West 11th Street was visited and a loan of $24.00 secured. The borrower agreed to pay $30.00 in one month. His salary was received late in the afternoon of the day the amount was due. This made it impossible to get the money to the office of H. A. Courtright at Providence, R. I., on the same day. The following morning, a collector from the Coast Cities Collection Company called at the office of the bor-

(a) A signed statement by the manager of the loan office on file in the Bureau of Social Research.

rower and demanded $30.00 on the loan, $1.49 protest fee, $5.00 collection fee, and $1.00 brokerage, making a total of $37.49. It was impossible for him to pay this amount from the $60.00 wages and still meet his living expenses. The loan company offered to make him a new loan of $24.00 if he would pay the $14.49 difference. This he did, for which he agreed to pay $30.00 January 1, 1906. The same treatment was accorded him January 1, that he received December 1. In order to pay the $37.49 in full January 1, to insure himself against a repetition of extortion the following month, he secured a loan of $30.00 from A. W. Connable for which he agreed to pay $20.00 February 1, 1906, and $20.00 March 1, 1906. February 1, 1906, A. W. Connable was paid the first payment of $20.00. The manager very kindly offered to give him a new loan of $30.00 if he wished to pay the $20.00 which was due March 1, and in this way the old debt would be canceled. He accepted the loan and again agreed to pay $20.00 a month for two months because, as he put it, "I got ten dollars and I needed it." At the end of nineteen months, June, 1907, he had secured about $150.00 cash and had paid out, as nearly as he could calculate, about $665.00. He had secured loans from at least ten different companies. His position was seriously endangered and his family was in such destitute circumstances that an appeal was made to the Charity Organization Society for assistance. An investigation made by this society showed that in addition to the large amount paid, the loan companies still claimed about $150.00, which it was necessary to pay in order to save the man's position.

An employee who recently lost a good position because of a file upon his wages by the loan companies made the following statement to the writer: "I cannot understand what has become of my wages. I know I am so seriously involved that if I do secure a new position I can never hope to pay the different companies all they demand and at the same time support my family. I have had no money and my wife has had barely enough to pay our living expenses. It has been one constant round of paying the different companies. When

they threatened to file upon my wages if I didn't pay them more, I would go to a new company and by signing a paper that I had no loan with any other company and agreeing to pay back about double what I received I would secure enough ready cash to keep the other companies from notifying my wife and employer of my assignment. When I was unable to continue this they all filed upon my employer at once. What can I do? There is no use of getting another position, as the 'tracer' will find me and I will be discharged."

The promise of secrecy so largely exploited by the loan companies has not been found conducive to family happiness. The husband secures a loan thinking he can repay it without his wife's knowing of the transaction and when he fails to account for his weekly wages the wife immediately suspects that he is gambling or spending the same for some other illegitimate purpose. In a case recently investigated, it was absolutely impossible to convince the wife that the husband had been true to her. The only reply she would make, was that if he did not bring his money home he must be giving it to someone else. In another case, the husband expected to pay the loan company in full before his wife would suspect him of not accounting for all his wages each week. She could not understand; she only knew he did not bring his money home. Influenced by her suspicions and unknown to her husband, she took the three small children and left the city. It has been impossible to re-establish the home. The common practice of sending a young woman collector who calls at the place of business or at the home and demands to see the husband on a "personal matter" or a "matter of business" has a tendency to cause a misunderstanding in the home. It would interfere far less with the happiness of the home should the collector frankly tell the wife the cause of her mission rather than to arouse her suspicions by practicing the much boasted virtue of "secrecy."

The effect upon the individual who secures the loan is most important. He it is who is constantly under its influence, and there are beyond a doubt, scores of employees whose

economic efficiency is being seriously impaired by the constant thought of what would happen to them if their employer and family should know of the loan. A letter received from an employee of a large publishing house in the city is typical of a number of cases that could be cited, showing this effect upon the individual. "The reason I did not send you my loan story was that the last chapter is not written and cannot be written until the curtain rings down. The worry that the loan curse has brought me has shortened my life at least ten years. At the present time it is costing me about $5.00 a week interest to keep them satisfied."

The writer of this letter is a married man with a large family. He has a permanent position and receives $22.50 per week. Sickness made a small loan necessary and he secured $24.00 for which he paid $30.00 in five weekly installments. The last payment was due December 4th and on December 3rd the payment was made. December 4th a file was placed upon his wages for $24.66. When the loan company was consulted the manager stated that the amount demanded was the extra charge for delinquent payments. The delinquent payments referred to were the outcome of the following situation: that one week $5.50 were paid instead of $6.00 and the week following $6.50 were paid to make up the difference. Similar treatment has made it impossible for him to regain his economic independence. (a)

An extract from another letter shows the mental condition of an employee of the New York Central Railroad, who holds a responsible position, "Conditions made me almost a nervous wreck. I wanted to be honest with these people but they wouldn't give me a chance. I kept going deeper and deeper, a fact caused by the methods of the money sharks. I am nearly crazy with suspense as to which way to turn."

In addition to the worry caused him, there is a very strong temptation on the part of the borrower to commit a number of different crimes which under ordinary conditions he would have no thought of doing. Cases have been investigated by the

(a) Receipts, copy of file, letter to employer from loan company, and other legal evidence substantiating the facts stated in this case are on file in the Bureau of Social Research.

writer in which the borrower has perjured himself, gambled or used other illegitimate methods of securing the necessary amount to satisfy the greed of the money lender in order to save his home and position.

The importance of the threat of notifying the employer, which in a large number of cases would result in the discharge of the employee, cannot be over-estimated. This has been especially evident during the past few months when it has been extremely difficult to secure a new position. A case came to the attention of the Charity Organization Society recently which illustrates the effect upon the individual of the salary loan business. An employee of a large transportation company had secured a loan and was unable to meet his payments promptly. The loan company filed upon his wages, and he was discharged. After having spent several days in search of work he stated to a representative of the above mentioned organization, "What is the use? I have tried everywhere and I have good recommendations but when the cause for leaving my former position is known, I meet the same reply, 'We will have nothing to do with anyone who borrows money from the Loan Sharks.' I may as well give up and not try further, for if I do secure a new position the 'tracer' will find me and my wages will be filed upon again and I will be discharged. I would take an assumed name, but with that awful description they have of me on their application blank, they would find me no matter where I went."

In several of the cases investigated the writer was convinced that the worry caused the employee by the constant "hounding" of the loan companies was an important factor in causing him to become intemperate. Another very important effect of the salary loan business as it is conducted in New York City at the present time, is the securing of unnecessary loans, and this is due chiefly to the ease with which a loan may be secured and the promise of secrecy which accompanies it. Many young employees secure loans when in reality they would be better off had it been impossible for them to secure a loan. It is so easy to secure a small loan to play the races, to buy a present for a friend or to take a vacation that a large number of young

men do not resist the temptation. It should be made extremely difficult for this class of persons to secure loans, but care should be taken not to add an undue burden to those who are in actual need.

The effect upon the community of the existence of the salary loan business is the sum total of the effect upon the individual, the employer and the home. It is an influence tending to lessen efficiency, increase crime, endanger the home, enrich one class of people at the expense of another and as such constitutes a question for serious consideration by the entire community.

X.

PROPOSED REMEDIES.

Legislation, competition based upon philanthropic interest, and publicity are the chief means by which the evils of loaning money secured by an assignment of wages may be decreased if not entirely eliminated. Cooperation of employers with employees is a very practical method of securing justice to the borrower, but modern industry is so extensive that little positive relief can be expected from this method. In spite of all the difficulties, however, the writer has found in this investigation a number of employers who have been very willing to aid in securing justice to their employees, and in the majority of the cases in which such cooperation was secured the loan company settled for materially less than had previously been demanded.

Some method of prohibiting the loan companies from sending circulars and letters to employees, also from publishing absolutely misleading advertisements in the daily press would aid very materially in solving the problem. The ordinary man reading the material which they print is very much influenced by their promise of secrecy and of easy payments. When he has once secured the loan, it is too late for him to retrace his steps. A weekly magazine ([a]) recently suggested the advisability of securing the cooperation of the post-office department in prohibiting the printing and circulating of misleading material. To date nothing has been done in this direction and it is probable that such prosecution would be extremely difficult.

What are the facts, is the question of supreme importance in connection with the salary loan business, as with any other

(a) See Collier's Weekly, December 28, 1907.

social problem. Society must know the methods of business practiced by the different organizations which exploit the poor and those unable to protect themselves, in order to regulate such business intelligently. Publicity is the best method of solving a great many social questions; or, rather, publicity is the means by which a large number of social problems solve themselves. When the evils of congestion are known, a long step has been taken toward their elimination. When the public begins the study of tuberculosis, its baneful influence is greatly weakened. When society knows some of the practices of those who exploit the poor, the problem of poverty is less difficult to solve.

In a recent address at the opening of the Congestion Exhibit at the Museum of Natural History, March 9, 1908, Governor Hughes stated that he was both depressed and encouraged at the exhibit which he had examined. He was depressed that such conditions existed, but encouraged that the people of New York City were becoming interested in those conditions. A general public interest in any intolerable condition is the best guarantee that such conditions will be remedied.

The salary loan business thrives upon secrecy and any effort which tends to destroy this secrecy will in so far aid in regulating the business. The manager of a prominent loan office in the city, when asked the reason for the company's refusing to assume any attitude which would make the business public, replied that the company would much rather lose the money involved in any individual loan than to have anything done whereby the rates charged and the methods of business would be made known. She added further that the entire success of the salary loan business depended upon their ability to keep the general public uninformed as to their methods.

The manager of another large office has said that during a recent campaign, when a certain candidate had threatened to investigate their business, the company made plans to close their office in case he was elected. This same manager stated that the secret of success in the salary loan business was to keep the general public uninformed as to methods.

When a recent campaign of publicity was begun by the New York *Herald* against the salary money lenders, the manager of one of the largest offices in the city stated that if the campaign continued it would be necessary for them to close their two large offices. A collector who worked for nearly two years for a prominent loan office in the city was unable during the entire time to ascertain the rates charged, the contents of the papers signed by the borrowers, the volume of business done, or the real owners of the office, so carefully did they guard their secrets.

A very effective method of regulating the loan business would be to establish an office with charges sufficient to pay a reasonable return upon the investment and at the same time to loan only to those who are found on careful investigation to be actually in need of money. This method would provide a means of helping the honest borrower and would discourage borrowing on the part of those who do not need the money. It is the belief of a considerable number of social workers that when an employee is in need of a loan his wife and family should be consulted and in most cases his employer. This would obviate all the difficulty of misunderstanding and loss of confidence in the husband on the part of the family and the employer, which is one of the worst evils of the present system. The idea is not a new one. On a slightly different basis, viz. loans secured by mortgage on houshold furniture or a pledge of personal property, there have been several very successful offices established. The St. Bartholomew Loan Association of New York City has had a successful experience of nearly fourteen years. It has paid a reasonable rate of interest upon the capital invested, put aside a good surplus, and at the same time has done a real service to the community. The charges have been nominal compared with those of other companies of the city doing a similar business. The character of the individuals who have been aided by this organization in the past nine years is indicated by the fact that the losses for the entire period have been less than 5/8 of one per cent. The manager, Mr. Daniel R. Kennedy, is enthusiastic over the work and is in a position to show facts and figures (a) from nine

(a) See Year Book of St. Bartholomew's Parish, 1907, page 192.

years' experience which are proof of its success. Its work at the present time is limited by a lack of funds. The association has been conducted in connection with the St. Bartholomew's church and the officers of the church have decided not to extend the business. It is their belief that its practicability has been demonstrated from a business standpoint, and that it should be enlarged by an organization entirely separated from the church; that such an organization, although primarily interested in philanthropic work, should at the same time receive a reasonable return upon capital invested.

The Provident Loan Society, organized in 1894 to loan money upon pledges of personal property, has also had a most successful career. It has paid a reasonable return upon the capital invested and has been of great service to those who were compelled to secure a loan. Over $10,600,000 was loaned during the last year and there is need for a much larger amount. The lack of available capital is the one obstacle which has prevented a further extension of the business.

The suggestion of forming similar organizations in which an assignment of wages would be given as security for the loan, has met with a hearty response from business men and employers, and it is hoped that some such organization will be formed in the near future, to extend the helpful work which has been done by the Provident Loan Society and the St. Bartholomew Loan Association.

The Chattel Mortgage Loan Association of Baltimore, Maryland, managed by Mr. W. N. Finley, is another illustration of what can be done in the way of competition. This association has been in existence for ten years and has been very successful. It has paid a reasonable return upon the capital invested and has been an effective force in regulating the loan business in Baltimore. Mr. Finley has been influential in organizing similar associations in different cities. The following is quoted from a manuscript written by him February, 1908: "The Chattel Loan Association of Baltimore City was organized in 1898 for the express purpose of fighting the

chattel mortgage loan evil. Our aim was, has been, and now is so to improve local conditions as to make it possible for a poor man in this city to borrow money at a low rate which he could pay on long time without being unduly burdened, and to utterly abolish the nefarious business of the "shark" money-lender hereinbefore described. We believed this could be accomplished by having an institution in operation in Baltimore which would lend money at such low rate upon such long time, and we also believed that remedial legislation could be secured, but we relied more upon the effect of active, strenuous competition day by day than upon the law, because no law is automatic and those who borrow money upon security of their household effects are slow to take the initiative. The result has been vast improvement. One of the first consequences was the closing of the largest loan offices in the city, both of which were found to be owned by the same man. I believe that the work we have done here in Baltimore is needed in every large city in the land and that next to rum there is no greater enemy to the humble homes of our country than this loan evil."

Several other cities have followed the example of Baltimore and New York and have organized similar agencies to regulate the loan business. A few of the important ones are:

Workingman's Collateral Loan Company, Cleveland, Ohio. Provident Loan Society, Detroit, Michigan. The Citizen's Mortgage Loan Company, Cincinnati, Ohio. Collateral Loan Association and Workingman's Loan Association both of Boston, Mass.

The third method of control suggested is legislation. Here one is confronted with a variety of experiences none of which has proved entirely successful. Massachusetts secured the enactment of a law ([a]) in 1906 from which the people of Boston expected relief, but on account of failure to enforce the law it has made little change in the salary loan business in that city. Some of the other states have passed laws to remedy certain

(a) See Appendix XVIII, page 120.

definite evils, and the skill of the money lender has devised some scheme to evade the new law almost before it went into effect. Still others have attempted to prohibit the business entirely, and in the majority of these instances the loan companies have openly ignored the law.

It is the belief of those most intimately connected with this investigation that some general law should be enacted which would regulate the entire business of loaning money in small amounts whether secured by a pledge of personal property, a chattel mortgage, or an assignment of wages. Such legislation would place individuals in a slightly different line of business on the same basis and make provision for definite regulation of loans of small amount as is now provided for larger sums.

With this object in view Dr. Samuel McCune Lindsay, professor of Social Legislation, Columbia University, and Mr. Frank Tucker, Vice-president of the Provident Loan Society, have drafted a bill (a) which provides for the regulation, by the Superintendent of Banks of the state, of all concerns which loan money whether secured by pledges of personal property, chattel mortgage on household furniture or an assignment of wages. The bill does not specify the conditions upon which the business shall be conducted but provides that the Superintendent of Banks shall make such rules and regulations as he shall from time to time deem necessary in order to secure adequate regulation. The object of the bill is to secure regular inspection, establish a maximum charge for different loans, prohibit extra charges in individual cases, require a license of every money lender who deals in small amounts and on the whole establish justice for both the borrower and the lender.

(a) For copy of bill, see Appendix XX, page 123.

APPENDICES.

APPENDIX I.

The following is a copy of the "Application Blank" used by a salary loan broker in Philadelphia. It was secured through an investigation made by Dr. F. J. Warne for the Bureau of Social Research in connection with the New York School of Philanthropy. The document is practically the same as those used in New York city since several of the loan brokers have offices in both cities.

.....190....

To.....

I.....hereby authorize you to sell or negotiate for me a loan on my.....Note.....payable to the order of myself or any one whom you may designate and as an inducement for procuring said loan, I agree as the Agent and Bailee of legal holder of note, his executors, administrators, or assigns, to collect the wages this day assigned, to pay the amount of my future indebtedness on or before one day after collecting said wages, and I do solemnly swear my answer to the following questions are true:

Name of my present employer is.....and have been in their employ for.....employed as..... under in Department, for.....I am working and.....in good standing, to the best of my knowledge and belief my position is.....; I have.....overdrawn my account and am.....indebted to my employer.....;

Are you related to your employer or his agents?.....

My salary is $.....payable..... day of each.....

Names of my present fellow employees are.....

.....

.....

Have you any intention of leaving your position?.....I was formerly employed by.....as.....and left their services because I.....I reside at.....flat.....where I am.....for.....Name and address of landlord is Prior to that I lived at.....

for.....and have lived in.....for.....

My age is..... Wife's name is..... My wife's parents name and residence is.....

.....I have.....children; they are

.....employed at.....attend the

.....school. My parents name and residence is.....

Brothers

Sisters

Relatives

.....

.....

Names of friends and acquaintances are.....

.....

.....

.....

Trades people with whom I deal.....

.....

.....

If insured, what company and amount?.....

Member of any Fraternal Orders or International Union?.....

.....address and name of our recording or financial secretary is.....

My personal property is worth $..... What real estate and where situated?

How came you to apply here?.....

Have you in any manner assigned or disposed of your salary, due or to become due?.....

Did you ever have a loan, salary or chattel before?.....If so, with what company?.....

Do you owe any money lender, agent, attorney, broker, corporation or private individual, if so, to whom and what amount?.....

Have you any unsatisfied judgments standing against you?....., if so, what amount, $..... My total indebtedness does not exceed $..... Are you endorser or guarantor with or for any other person?.....

These statements are made for the sole purpose of securing credit through you, and with the full knowledge on my part that if they are not true and I am granted the loan, it will be securing money under false pretenses. To the best of my knowledge, belief and intention, my position with my present employer is a permanent one and will be so during the time the loan I make application for will run. I will not during the life of my contract made with you or your client, collect or attempt to collect my salary in advance, voluntarily quit my position or take advantage of the bankruptcy law.

.....(Seal)

.....(Seal)

STATE OF }
County of }

Subscribed and sworn to before me this....day of.....190..

.....
Notary Public.

APPENDIX II.

Power of Attorney used by Mr. A. W. Connable:

Know all Men by these Presents, that I,.....
.....for and in consideration of the sum of one dollar paid to me, receipt whereof is hereby acknowledged, and for the purpose of reimbursing A. W. Connable, of New York City, for all loss or losses sustained by him on account of my failure to perform any promises or warranties heretofore or hereafter made or entered into by me to or with the said A. W. Connable, and for the reasonable expenses and disbursements resulting from the failure or breach aforementioned, or from any misappropriation or defalcation on my part; I do hereby make, constitute and appoint George W. Agnew, Edmund C. Corr, Genevieve F. Law, Clarice Runge and Walter M. Connable, jointly and each of them severally, my true and lawful attorney and attorneys and I direct them or either of them, for me and in my name, place and stead, at any time hereafter, when I may be indebted to the said A. W. Connable, on account of any loss or losses by him sustained as above set forth: (1) To make and execute my promissory note, due in 10 days, to draw interest at the rate of six per cent. per annum, for such a sum of money as will cover any loss or losses by him sustained as above set forth; (2) To make and execute as collateral security for said note an assignment and transfer of my wages, salary or commission, due and to become due to me for a period of one year from any individual, firm or corporation by whom I may then be employed, and to do and perform all and every act and deed of whatsoever name and nature, legally appertaining to the same; (3) To sell at private sale my said promissory note and assignment of salary, and pay the proceeds of said sale to said A. W. Connable to reimburse him for any loss or losses by him sustained as above set forth.

Dated, New York City, the day of (, 190).

.....[L. S.]

In presence of

APPENDIX III.

Copy of Power of Attorney used by H. A. Courtright:

POWER OF ATTORNEY.

WHEREAS, I desire to have made, executed and delivered, and sold certain notes, to, the aggregate amount of or less for which I shall be responsible as maker in the City of Providence, State of Rhode Island, without being there and then present personally, now therefore, know all men by these presents, that I have made, constituted and appointed and created and by these presents do make, constitute and appoint M. WILMARTH of the City of Providence, State of Rhode Island, my true and lawful and duly authorized agent and attorney, with full power to do and perform each and every act, and thing which said attorney may deem it necessary and desirable to do or perform, to the end that I may accomplish the aforesaid result. And said attorney shall have full power to do each and every thing and act that I might or could do if personally present.

Without in any wise limiting or restricting the general powers given to my attorney as aforesaid, but solely by way of explanation as to certain powers included in the above general power, I hereby give my said attorney aforesaid full right power and authority for me and in my name, place and stead to do and perform the following acts and things and every one of them: (1) To make and execute, signing my name thereto, a promissory note or promissory notes, each and every of which shall be payable in the City of Providence, in the State of Rhode Island to

the aggregate amount above stated. Said attorney shall have full authority and power to determine the dates when said note or notes shall become due and payable, the rate of interest before and after maturity, the amount or rate of collection fee, if any, the name or names of the payee or payees. (2) To aid in the negotiation and sale of said notes my said attorney aforesaid, is hereby authorized at such time or times, as may be necessary or as he may think proper to make such an assignment, agreement or contract or arrangement relating to my wages, now earned, now being earned, or hereafter to be earned, under my engagement with my present employer or under any engagement under any other employer with whom I may hereafter be engaged, as my said attorney may think necessary or desirable, the only limitation on this point being, that said assignment, contract, agreement, or arrangement shall not affect my wages to any amount greater than five times the aggregate of the notes made and negotiated.

With the above limitations, said attorney may make any arrangement, contract agreement or assignment relative to my said wages that I could personally make, if present.

(3) Said attorney is further authorized and empowered to make and execute for me, signing my name thereto, a bill of sale and assignment of the personal property set forth and scheduled on the reverse side of this power of attorney; and I hereby certify that I am the sole owner of said property and that it is located at the place named in the said schedule. Said attorney is hereby authorized to determine upon and insert the name of the assignee of said bill of sale and shall have further power to determine the character and scope of the contents thereof. Said attorney is authorized to agree that said bill of sale shall stand as security for the payment of each and every of said note or notes aforesaid and interest thereon, and any protest, collection, or attorneys fees which may arise upon non-payment thereof. Said attorney is hereby empowered to determine upon and insert the name of the beneficiary in said agreement also in what case protest fees, collection fees, and attorneys fees shall become payable and in what amount. And said attorney is further authorized to make any agreement that I can per-

sonally make, relative to said personal property standing as security for said indebtedness and as for the possession thereof, and to the payment of the taxes and insurance upon the same, and relative to the sale of the same upon default and to the notice of said sale and the expenses thereof.

(4) I further authorize, empower and direct my said attorney to NEGOTIATE, SELL OR PROCURE THE DISCOUNT OF, IN THE SAID CITY OF PROVIDENCE, IN THE STATE OF RHODE ISLAND, the said note or notes aforesaid, or to transfer in said city said note or notes as evidence of indebtedness for the best price obtainable in cash, and in negotiating, selling, procuring the discount, or of delivering the said note or notes, my said attorney shall have each and every right and power, which I would have if I were personally present and attended to the transaction myself.

Within the limitations above recited, my said attorney shall have full authority to arrange with the purchaser of any or of all of said notes, so that my wages above recited or any assignment agreement or contract, or arrangement, which my attorney may make on my behalf concerning them, shall be or stand, at such time or times as may be agreed upon, as security for any indebtedness, arising by reason of the making and delivery of the notes.

Said attorney shall have and is hereby given the right to receive the proceeds of said negotiation, discount or sale and over my signature give full receipt therefor.

(5) I hereby agree that the above power and powers of attorney are continuing powers until any and all indebtedness contracted through and by the execution of the same is finally and completely satisfied and paid, and said attorney is authorized to agree for me with any purchaser of my notes or the receiver of any collateral that if sufficient funds are not received by virtue thereof to satisfy said indebtedness in full, then that from time to time, further assignments of wages due or to become due, from the employer with whom I am then employed, will be made and delivered, not to exceed in total five times the amount of the

aggregate of the notes, and the said attorney is authorized to deliver said further assignment or assignments on request. I hereby give my said attorney full power to substitute another attorney or agent in his stead, and I hereby ratify each and every act or thing my said attorney or substitute may do or cause to be done.

Dated this day of , 190 .

[SEAL]

Witness,

COUNTY AND STATE OF NEW YORK, } ss.:
City of New York. }

On this day of 190 before me personally appeared to me known and known to me to be the individual described in and who executed the foregoing agreement, and he fully acknowledged that he had carefully read the same, and the whole thereof, and that after doing so, he executed the same.

Notary Public, New York County.

APPENDIX IV.

Copy of the document used by the brokers who conduct business for H. A. Courtright. It is called by them the Continuing Power of Attorney:

WHEREAS, I (we) desire to from time to time obtain money, and to that end to make arrangements so that when desired said money may be obtained easily and promptly, and whereas it is and may hereafter become desirable to obtain the same in the State of Rhode Island, now therefore know all men by these presents, that I (we) the undersigned have made, constituted and appointed and by these presents do make, constitute and appoint M. WILMARTH (our) my true and lawful attorney, for (us) me and in (our) my name, place and stead, to do or perform any act or thing I (we) might, may or can personally do, and with (our) my said attorney may think it necessary to do or perform; giving and granting unto (our) my said attorney full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises, as fully, to all intents and purposes, as I (we) might or could do if personally present, with full power of substitution and revocation, hereby ratifying and confirming all that (our) my said attorney or his substitute shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I (we) have hereunto set (our) my hand and seal this day of , 190 .

Witness

COUNTY AND STATE OF NEW YORK, } ss.:
City of New York, }

On this day of , 190 , before me personally appeared
to me known and known to me to be the individual described in and who executed the foregoing agreement, and he duly acknowledged to me that he had carefully read the same, and the whole thereof, and that after doing so he executed the same.

Notary Public, New York County.

APPENDIX V.

Copy of Power of Attorney used by D. H. Tolman in 1898(a):

ARTICLES OF AGREEMENT made and entered into this 10th day of June, A. D. 1898, by and between D. H. Tolman, party of the first part, and Milton R. Andrews, of No. 1606 North Jefferson Ave., St. Louis, the party of the second part, WITNESSETH:

"That said party of the second part hereby sells, assigns and transfers to said party of the first part for the sum of $140 and other good and valuable considerations, the receipt of which is hereby acknowledged, any and all of his salary, which amounts to $125 per month and becomes due and payable on the following dates, to wit:" (Here follows twenty-four installments of $62.50 each, beginning July 1, 1898, to June 15, 1899).

"Said party of the first part hereby appoints said party of the second part his attorney in fact to collect the said salary, when it shall become due, on the days and dates above specified, from Union Casualty and Surety Company, the conditions of said Power of Attorney being that said party of the second part shall turn over to said party of the first part the amount of money designated after each and every date, on or before the expiration of one day after said date. On the failure of the said party of the second part to turn over to said party of the first part said money as provided, the said Power of Attorney to collect said salary shall become null and void, and all the money to be paid to said party of the first part shall become due and payable at once, and the said party of the first part shall collect all of the said salary of the party of the second part from said employers, and shall apply the same to the liquidation of the obligations due to the said party of the second part to the party of the first part until the total amount collected and retained by said party of the first part shall amount to $140, together with an attorney fee aggregating 25 per cent. of the amount due said party of the first part from said party of the second part at the time of filing a certified copy with the employers of the said party of the second part, as liquidated damages and to cover the expense of said party of the first part in collecting said salary and wages."

"And it is further mutually agreed to, by and between the parties of this contract, that in case the said party of the second part shall at any time before the full amount of $140 has been received by said party of first part for any reason, leave or discontinue in the employ of said employer, the assignment of the salary or wages of the said party of the second part shall extend and apply to any and all positions

(a) See 90 Missouri App. 274.

hereafter held or occupied by said party of the second part for a period of ten years from and after this date, and the said party of the first is hereby authorized to collect the salary of said party of the second part from any and all persons by whom said party of the second part may be employed during said ten years, until the amount collected and retained by the party of the first part shall amount to $140."

"The said party of the second part hereby instructs his present employers, or any other person, firm or copartnership, company, corporation, organization or official by whom he may be hereafter employed, to, on presentation of a copy of this contract, duly verified at any time before the expiration of ten years from the date hereof, pay to the order of said party of first part, for value received, the amount designated as due in the affidavit filed with the verified copy of this contract, with interest at 6 per cent. per annum from the date hereof, out of any money due him as salary, wages or commission, or to become due after the presentation to said employer of a verified copy of this contract. The said party of the second part hereby irrevocably waives all exemptions or other rights he may have by reason of any law of any state in which he is now or may hereafter be employed or live, and orders such payment out of the first money due him."

"Said party of the second part further agrees not to collect, or attempt to collect, any part of his salary, wages or commission due him from any employer after a verified copy of this contract has been filed with said employer until amount due said party of the first part or his assignees or representatives, have been paid in full."

"It is further mutually agreed by and between the parties of this contract that when the amount due said party of the first part and party of the second part as shown by this contract, has been paid in full, this contract shall become null and void, and of no further effect."

IN WITNESS WHEREOF, the said parties of this contract have hereunto set their hands and seals on the day and year first above written.

Signed and sealed in the presence of:

D. H. TOLMAN,
J. OLIVER, Attorney, [SEAL.]
MILTON R. ANDREWS.

APPENDIX VI.

Copy of the document the endorser is asked to sign by the Federal Discount Company:

AGREEMENT OF GUARANTY.

1. WHEREAS hereinafter designated as the First Vendor, is desirous of selling his salary, wages and compensation, due and to become due, to the amount of Dollars ($) to the Federal Discount Company, and whereas the first vendor is unable to adequately satisfy the said Federal Discount Company that he will earn the moneys sold and to be sold.

NOW, THEREFORE, in order to induce the said Federal Discount Company to buy said salary, wages and compensation and for value received, and the acceptance of this instrument by the Federal Discount Company hereinafter designated as the Vendee, I hereby guarantee that the said will earn the sum of Dollars ($) as aforesaid; and I further promise that the said first vendor, in the event that he collects the salary, wages and compensation so sold, will bring and deliver the same to the said Federal Discount Company according to the terms of certain agreements made and executed the same day as said salary, wages and compensation by said were sold; and I hereby certify the following statements to be true in every particular:

That my name is that I am over twenty-one years of age and that I reside at that I am employed by hereinafter designated as Employer; that I receive for said employment Dollars ($) per that I have been so employed for a period of years, and in consideration of the premises, I have and do hereby sell and transfer to the said Federal Discount Company, its legal representatives and assigns, all the salary, wages and earnings now due and to become due to me from my said employer, or any person, corporation or firm, that may hereafter employ me for work, labor and services, now rendered by me, now being rendered by me and to be rendered by me, for my said present or subsequent employer, to the sum and amount of Dollars ($), and I hereby authorize and direct my said employer, and any employer with whom I may hereafter engage, to pay the same as it accrues to the said Federal Discount Company its legal representatives and assigns, and I hereby hold harmless my said employer and any employer with whom I may hereafter engage by reason of such payments, and all the said salary or sums of money are hereby set aside as the property of the said Federal Discount Company, its legal representatives and assigns, for its and their sole use and benefit forever.

2. If said first vendor earns said moneys sold or to be sold by him, and the same are turned over to the said vendee according to the terms of the sale and agreements entered into by the said first vendor, and if the charges provided for in paragraph 3 of this instrument are paid, in the manner and at the time or times therein stated, this instrument is to be void, otherwise to remain in full force and effect. But the realization and receipt by the vendee, the said Lenox Discount Company, of sufficient moneys, under and by virtue of the sale and the agreements aforesaid, and the charges specified in paragraph 3, shall operate as full discharge of this instrument.

3. It is further agreed, that if the first vendor fails to earn the said moneys sold by him, or fails after earning the same to pay over said moneys collected by him, on the day agreed upon under and by virtue of the agreements entered into, then the said vendee the Federal Discount Company its legal representatives and assigns, shall out of any, either or all of the moneys received by virtue of this transfer, pay itself the moneys sold and transferred by the said first vendor, together with any reasonable sum which the said vendee has expended or made itself liable for, by reason of the employment of an attorney to collect, or for endeavoring to collect, any matter or thing or portion thereof, hereinbefore sold and transferred, or this day sold and transferred or to be sold and transferred by the said first vendor, and said vendee in accepting this instrument agrees out of any such receipt or receipts hereinbefore mentioned, to pay such sum or sums to itself as shall be due it, under said sale and agreements and after so doing to pay any balance left to the undersigned within a reasonable time after notice and demand given personally.

4. And for the same considerations aforesaid, I hereby agree and request, that at the option of the said vendee, no notice in any manner of the failure or default of the first vendor herein, to earn said moneys sold and transferred to the vendee by the first vendor, or of any default of the said first vendor, in failing to turn over any moneys, or of any other default in connection with the sale of said first vendor's salary to the said vendee, be given me in any manner, and I hereby waive notice of all kinds whatsoever, and I further consent to any and all extensions of time which the vendee may give the first vendor to earn the salary so sold by him, or turn over the same after it has been earned and collected by the said first vendor, it being understood that such extensions, if any, are given at my request, and I further agree that any such extensions shall not affect or invalidate this instrument or any part thereof.

Signed and Sealed this.....day of.....190 .

In the presence of.....

.....[L. S.]

STATE OF NEW YORK, } ss.:
City and County of New York, }

On this day of 190 before me personally appeared to me known, and known to me to be the person described in, and who executed the foregoing instrument, and he duly acknowledged to me that he executed the same.

.....
Commissioner of Deeds, City of New York.

APPENDIX VII.

Copy of Bill of Sale used by the Federal Discount Company. The borrower is required to sign this document before the money is advanced:

BILL OF SALE.

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING:

KNOW YE, THAT I, of for valuable consideration, the receipt of which I do hereby acknowledge, have bargained and sold, and by this instrument do bargain and sell and set over unto the Federal Discount Company its legal representatives and assigns, absolutely and forever, all wages, salary and earnings now due and to become due, up to the total amount of Dollars ($) from my present employer, who is of which said wages, salary and earnings are due and payable to me as follows: Dollars ($) on of each and every from the date hereof, for work, labor, and services now being rendered and to be rendered for my said employer by me; and I do also bargain and sell unto the said Federal Discount Company all my salary, wages and earnings, up to said total amount of Dollars ($) hereafter becoming due and payable from any subsequent employer by whom I may hereafter be employed; together with all my right and privilege relative to the salary, wages and earnings bargained and sold by this instrument; the said Federal Discount Company to have and to hold the said salary, wages and earnings, unto itself, its legal representatives and assigns forever. I hereby direct my said employer or any subsequent employer, to pay my said salary, wages and earnings, up to said total amount of Dollars ($) to the said Federal Discount Company its legal representatives and assigns, as the same becomes due and earned. I expressly agree that if said salary, wages and earnings shall not be earned by me that this transfer shall continue in full force until said total amount of Dollars ($) shall have been earned.

Signed and Sealed this.....day of.....190 .

.....[L. S.]

In the presence of:

.....

STATE OF NEW YORK, }
City and County of New York, } SS.:

On this day of 190 , before me personally came

to me known and known to me to be the individual described in and who executed the foregoing bill of sale, and duly acknowledged that he executed the same.

.....
Commissioner of Deeds, City of New York.

AFFIDAVIT.

STATE OF NEW YORK, }
City and County of New York, } ss.:

being duly sworn, deposes and says, that he is the person who executed the foregoing bill of sale, and that he is over twenty-one years of age, and has full right and title to, and that there is no lien or any incumbrance whatsoever upon the things above sold; that the deponent has not previously sold or incumbered in any way the whole or any part of the said things sold, and that deponent's arrangement as to his salary, wages and earnings with his employer contains no conditions whatsoever which would prevent any purchaser obtaining the full benefit thereof as his purchase; that no offset or counterclaim exists against the things above sold, and that he fully understands the terms of all the instruments executed in the sale of said salary, and that the said salary is sold absolutely.

*Signed and Sealed this.....day of.....*190

.....[L. S.]

In the presence of

Sworn to before me this..... }
day of....., 190 }

.....
Commissioner of Deeds,
City of New York.

APPENDIX VIII.

Copy of Bill of Sale used by A. W. Connable:

BILL OF SALE.

NEW YORK CITY.....190....

FOR CASH in hand paid by A. W. CONNABLE to myself, I do hereby sell, transfer and set over to the said A. W. CONNABLE, all of my right, interest, title and claim in and to all wages, salary or commissions becoming due and payable to me from.....
.....
for the half month ending the.....day of.....190...., which wages, salary or commissions becoming due and payable to me, as aforesaid, I do promise and warrant will amount to the sum of $.....

WITNESS my hand and seal this day and year first above written.

.....(SEAL)

APPENDIX IX.

Copy of Assignment filed upon the employer used by A. W. Connable:

TELEPHONE 3609 BEEKMAN.

T. W. STAPLETON,
116 NASSAU ST., ROOM 601.

NEW YORK CITY.....190....

.....

GENTLEMEN:

You and each of you are hereby notified that by virtue of a certain instrument of assignment of salary, wages or commission executed and delivered to me by.....
all of his salary, wages or commission now due or to become due from you and each and every one of you, and now in your hands, or which may come into your hands, has become due and payable to me.

A duly authenticated copy of the above described assignment is on the other side of this notice. You are requested to hold all moneys now in your hands, or hereafter coming into your hands, which would otherwise be payable to the assignor, subject to my order.

You are further notified that all right of the above assignor to take, assign, or receipt for the said salary, wages or commission assigned and transferred to me as above noted, or any part thereof, has ceased, and any delivery to him is made at your own peril.

When.....dollars is paid over on the account of the above assignment, and the same is received by the Assignee, he will, providing said money or parts thereof has been paid over and received promptly, and also before any claim arising out of the matters above noted has been put in the hands of an attorney or collection agency for collection, and also before any suit has been commenced upon the same, withdraw this notice and treat the same as though it had not been given. This offer, if acted upon, must be considered a moral, not legal obligation, and revocable without notice by the Assignee.

Yours truly,

.....

NOTICE.

Employers disposed to question the rights of the above assignee under the above assignment will avoid unnecessary trouble and expense by making a brief preliminary examination into the law covering the matters involved.

The highest Courts of New York, Massachusetts, Pennsylvania Illinois and other states have decided that every employee has an absolute right to assign wages which he has earned and also wages which he expects to earn, and that the employer, in such cases, is bound to pay such wages as they accrue to the assignee. If the opinion of counsel is desired, his work will be facilitated by his examining the following cases: 148 New York, 592; 9 Paige (New York), 243; 5 New York Superior Court, 379; 6 New York, 179; 44 Barb. (New York), 409; 81 New York, 454; 167 New York, 452; 208 Illinois, 252; 68 Massachusetts, 565; 91 Pennsylvania State Reports, 296; 39 Connecticut, 536; 28 Vermont, 19; 51 New Hampshire, 409. In a standard work, i. e., American and English Encyclopedia of Law, in Volume II, Second Edition of page 1031, the law of this country is stated to be as follows: "An assignment of wages to be earned under an existing employment, made in good faith and for a valuable consideration is valid. And if there is a subsisting engagement, an assignment of future earnings will be sustained although the assignor is liable to removal at any time,"—and in support of this statement of the law, the decisions of the highest Courts of nearly all the states of this country are cited.

ASSIGNMENT.

In consideration of the sum of one dollar paid to me, receipt whereof is hereby acknowledged, I hereby sell, assign, transfer and set over to all wages, salary or commissions due and to become due to me from..... within a period of one year from the date hereof.

DATED, New York City, the.....day of.....190....

.....[L. S.]

City and County of New York, SS.:

..... being duly sworn, says: That he has examined the original assignment dated.....and certifies that the within instrument is a true copy in all respects of the said original.

.....

Sworn to before me this.....
day of, 19....

.....
Commissioner of Deeds for New York City.
(Seal)

APPENDIX X.

Copy of Assignment filed upon the employer used by H. A. Courtright.

ASSIGNMENT.

THIS INSTRUMENT WITNESSETH

THAT I.....of

for good and valuable consideration to me rendered by.....

..... the receipt whereof is hereby acknowledged, have sold and by these presents do sell, assign, transfer and set over to all of my salary and other compensation now due and to become due to the amount of $..... from my present employer..... of.....and which sum or sums of money are agreed to be paid to me.....on..... day of each and every.....month for work, labor and services by me now being performed and to be performed for the said employer aforesaid; also any and all my salary or compensation to said amount to become due from any employer by whom I may hereafter be employed; together with all the rights and privileges relative to said salary or compensation assigned that I myself might or would have, had this assignment not been executed, and I hereby authorize and direct my said employer as said services are performed, and as except for this instrument said salary would become due and payable to me, to pay the same to.....and do hereby hold harmless my said employer by reason of any, either and all of such payments.

Dated this.....day of.....190..... in the City of Providence, State of Rhode Island.

Witness.....Signed.....[SEAL]

STATE OF NEW YORK, }
County of Kings, }

Know all men by this certificate that I, Edgar C. Nowlin, a notary public in and for the County of Kings, have carefully compared the above copy of assignment with the original thereof, at the time of comparison in my possession, and I hereby certify that the above copy is a true and correct copy of said original.

Therefore I authenticate said copy.

.....
Notary Public, County of Kings.

H. A. COURTRIGHT,
Room 539
Banigan Building,
PROVIDENCE, R. I.

.....190....

GENTLEMEN:—

You and each of you are hereby notified that.....
.....has heretofore for value executed and delivered to me the assignment, a copy of which is on the other side of this notice.

Demand is hereby made that you pay over to the undersigned any and all wages which have accrued or which may hereafter accrue and any and all money now in your hands or which may afterwards come into your hands to the amount below mentioned. Notice is now given you that the authority of the above assignor to either take, sign or receipt for the above wages assigned has ceased and that any delivery of or payment to him is made at your own peril.

When $.....is paid over on the account of the above assignment, and the same is received by the Assignee, he will, providing said money or parts thereof has been paid over and received promptly, and also before any claim arising out of the matters above noted has been put in the hands of an attorney or collection agency for collection, and also before any suit has been commenced upon the same, withdraw this notice and treat the same as though it had not been given. This offer if acted upon, must be considered a moral, not legal obligation, and revocable without notice by the Assignee.

Respectfully,

NOTICE.

Employers disposed to question the rights of the above assignee under the above assignment will avoid unnecessary trouble and expense of making a brief preliminary examination into the law covering the matters involved.

The highest Courts of Rhode Island, Massachusetts, Pennsylvania, New York and other states have decided that every employe has an absolute right to assign wages which he has earned and also wages which he expects to earn, and that the employer, in such cases, is bound to pay such wages as they accrue to the assignee. If the opinion of counsel is desired, his work will be facilitated by his examining the following cases: Tiernay vs. McGarity, 14 Rhode Island, 231; 2 Gray (Massachusetts), 565; 91 Pennsylvania State Reports, 296; 148 New York, 592; 81 New York, 454. In a standard work, *i. e.*, American and English Encyclopedia of Law, in Volume II, Second Edition of page 1031, the law of this country is stated to be as follows: "An assignment of wages to be earned under an existing employment, made in good faith and for a valuable consideration is valid. And if there is a subsisting engagement, an assignment of future earnings will be sustained although the assignor is liable to removal at any time,"—and in support of this statement of the law, the decisions of the highest courts of nearly all the states of this country are cited.

APPENDIX XI.

Copy of Notice sent to the employer by the Federal Discount Company:

NOTICE.

NEW YORK.....

.....

.....

DEAR SIR:

The Federal Discount Company does herewith file with you a duly authenticated copy of an assignment of salary, wages and earnings, heretofore delivered to said Company by.....

.....one of your employees.

Notice is hereby given that the said Federal Discount Company has a lien to the extent of $.....upon the salary, wages and earnings now due, or hereafter to become due, to, or to be earned in the future by, said employee, and does hereby demand that you pay to said Federal Discount Company, at its office, No. 12 Charles Street, (Room 3), Borough of Manhattan, New York City, all such salary and wages to the extent of $.....whether now due, or hereafter to become due to, or to be earned in the future by, said employee.

If, notwithstanding this notice, you should pay said sum, or any part thereof, to said employee, or to any person or persons other than said Federal Discount Company, you nevertheless will continue liable to pay the same to said Company, and in that event legal proceedings will be instituted against you to compel such payment to said Federal Discount Company. Your own protection, therefore, requires that said money should promptly be paid to said Federal Discount Company.

Said Federal Discount Company does hereby certify that annexed hereto is a true and correct copy of the said assignment, and of the whole thereof, and of the acknowledgment thereof by said employee, thereunto appended, and of the whole thereof.

The Law regarding the Purchase and Sale of Wages is too well settled to merit discussion. The Bill of Sale speaks for itself. The law is clearly stated in the following extract from the American Encyclopedia of Law, Volume 1, of the First Edition, at page 828.

"A sale of wages or salary to be earned under an existing employment made in good faith and for a valuable consideration is valid. It is immaterial that the seller works from day to day and is hired for no specified time; or that he is removable at any time. A sale of wages by workmen under subsisting engagement will extend to wages earned under a renewal of this agreement at a different rate of wages." (See also cases cited thereunder on the same page.)

Likewise in the Cyclopedia of Law and Procedure, Volume 4, page 18, it is held,

"Future earnings or salary of a private individual may be sold although the contract under which the work is being done be indefinite as to time of employment and amount to be paid for the work." (See also the numerous decisions cited thereunder.)

FEDERAL DISCOUNT COMPANY,
By Manager,
12 Charles Street (Room 3),
Borough of Manhattan,
City of New York.

APPENDIX XII.

Copy of Protest sent to borrower from H. A. Courtright:

UNITED STATES OF AMERICA.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS.

On the 4th day of November in the year of our Lord one thousand nine hundred and seven, at the request of H. A. Courtwright in the City of Providence, County of Providence and State aforesaid, I John S. Clayton, a Notary Public for the City and State aforeaid, duly appointed, commissioned and sworn, dwelling and practising in the City of Providence, in said County of Providence, exhibited the original note which is hereunto attached to..... who refused to pay the same.

WHEREUPON I, the said Notary Public, at the request aforesaid, have Protested and by these Presents do solemnly PROTEST against the maker and the endorser of said note and all others concerned, for all Exchange, Re-Exchange, Costs, Damages, and Interests, already sustained, or which may be sustained for want of payment of the said note.

Thus done and Protested under my Hand and Seal at 539 Banigan Bldg. the day and year above written.

Fee, $

[SEAL.]

APPENDIX XIII.

Copy of Note used by H. A. Courtright:

PROVIDENCE, R. I.....190...

$3.00.

On.....190... I promise to pay to the order of H. A. Courtright, at Room 539 Banigan Building, Providence, Rhode Island, Three Dollars. Interest from and after date of maturity two per cent. per month or fraction of a month.

In case this note is not paid at maturity, I agree to pay a collection fee of $.....in addition to principal and interest.

This note is one of a series dated this day and signed by me, and I agree that if this, or any one of said series, is not paid by me on the date when due, that each and every one of said notes become forthwith due and payable on said date of first default, but it shall be optional with the holder hereof to make no demand for payment until the date herein first mentioned when this note would be due in any event.

Signed.....

Atty. in Fact.

APPENDIX XIV.

The following memorandum was received from Providence, R. I., by an employee, who secured a loan from one of the brokers of H. A. Courtright:

MEMORANDUM.

PRIVATE BANKING HOUSE

OF

H. A. COURTRIGHT.

Established 1897,

Room 539, Banigan Building,

DEC 12 1905

PROVIDENCE, R. I., ... 190

SIR: I have this day purchased the following notes, of which you appear to be the maker:

Note for $ 10 Paid 11/30/06 Payable Jan 3

" " 15 Paid 2/1/06 " Feb 3 /06

" " by check #4190

" " _____ " _____

" " _____ " _____

" " _____ " _____

" " _____ " _____

" " _____ " _____

Each of these notes is payable at my office, 539 Banigan Building, Providence, Rhode Island.

All payments must be made at said address on the date when notes are due. If not they will be protested and put into the hands of a collection agency or attorney for collection, and the maker will have to pay protest and collection charges besides the interest from maturity. Checks of private individuals not accepted. Checks, drafts or orders sent by mail will be sent at sender's risk. Remittances from out of town should be mailed at least one day before note is due.

(OVER)

APPENDIX XV.

Maryland law of 1906 concerning the assignment of wages:

AN ACT to amend Article 8 of the Code of Public General Laws, title "Assignment of Choses in Action," by adding thereto certain Sections, to follow Section 10 of said Article, and to be known as Sections 11, 12, 13, 14, 15, 16, 17 and 18.

Section 1. *Be it enacted by the General Assembly of Maryland*, That Article 8 of the Code of Public General Laws, title "Assignment of Choses in Action," be and the same is hereby amended by adding thereto certain sections, to follow Section 10 of said Article, to be known as Sections 11, 12, 13, 14, 15, 16, 17 and 18, and to read as follows:

Section 11. No assignment of wages or salary shall be valid so as to vest in the assignee any beneficial interest, either at law or in equity, unless such assignment be in writing signed by the assignor and acknowledged in person by him or her before a Justice of the Peace in and for the city or county, as the case may be, in which the assignor resides, and entered on the same day by said Justice of the Peace upon his docket; and unless further, within three days from the execution and acknowledgment of said assignment a true and complete copy thereof, together with the certificates of its acknowledgment, be served upon the person, firm or corporation by whom said wages or salary are due or to become due, in the same manner that the summons in chancery is now required by law to be served; provided, however, that no assignment of wages or salary by a married person shall be valid unless the same is also executed and acknowledged as above by the assignor's wife or husband, as the case may be.

Section 12. That proof of said service, as provided for in the preceding section, shall be by an admission thereof in writing by the person, firm or corporation, his, their or its agent on the original assignment, which admission of service shall also be entered by said Justice of the Peace upon his docket within two days thereafter.

Section 13. That in addition to said acknowledgment to be made by said assignor, he or she, as the case may be, shall make affidavit that he or she has not paid, and will not, directly or indirectly, pay more than the legal rate of six per centum per annum on any sum borrowed, or permit a deduction from said sum so loaned to him or her, at the time of said loan, or any time thereafter, of more than a sum equivalent to six per centum per annum for the time said loan is made.

Section 14. The term "assignment," as used in this Act, shall include every assignment, transfer, sale, pledge, mortgage or hypothecation, however made or attempted, of the wages or salary of any person, or of any interest therein.

Section 15. Whenever an assignment of the wages or salary of any person or persons shall be given as security for a loan tainted with usury, or shall be given to secure the payment or fulfillment of a usurious contract or the payment of the principal or interest of a usurious debt, such assignment shall be absolutely void.

Section 16. Every assignment of wages to be earned in whole or in part more than six (6) months from and after the making of such assignment, shall be absolutely void.

Section 17. Whenever any person, firm or corporation shall bring, or threaten to bring any action or suit to enforce any assignment of wages or salary which has not been duly executed, acknowledged, sworn to and served upon the employer in conformity with the provisions of this Act, or which is declared invalid by the provisions of this Act, courts of equity shall have full power, upon the application either of the assignor of such wages or salary, or of the person, firm or corporation from whom such wages or salary is, or is to become due, to perpetually enjoin the threatened or attempted enforcement of any such assignment; and the fact that the complainant has a complete and adequate remedy at law, shall constitute no defense to the maintenance of a suit in equity for the purpose aforesaid.

Section 18. The invalidity of any portion of this Act shall not affect the validity of any other portion thereof which can be given effect without such invalid part.

APPENDIX XVI.

Copy of the law of Virginia, approved March 12, 1906. It is typical of the laws in those states which include the regulation of loans secured by an assignment of wages with loans secured by a chattel mortgage.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF VIRGINIA, THAT no person, firm or corporation shall engage generally, regularly or collaterally to any other business, in the business of making of loans on household or kitchen furniture, or household goods, or wearing apparel, or sewing machines, or musical instruments, or wages, or salaries, or on conditional sale of same, without first obtaining a license thereof, which shall be in addition to the license required by law for any other business the person, firm, or corporation may engage in. The applicant for such license shall, before the same is issued, file with the officer authorized to issue a statement or oath giving the location where such business is to be conducted, the name and business address of the applicant, if the licensee is an individual, the name and business address of each of the partners, if the business is a firm, and the name and business address of each of its officers, if the licensee is a corporation, and, in case of a corporation, the State under the laws of which it is organized. Said license, when issued, shall not be transferable. Should the licensee change the location of his business said license shall immediately become void, unless said licensee shall, at least ten days before changing the location, file with the officer authorized to issue said license a notice of the proposed change of location and said officer shall endorse on said license the fact of said change. In default of compliance with these provisions, said license shall be null and void. The license shall at all times be kept publicly exposed by the licensee on his business premises. Any person, firm or corporation violating the provisions of this section shall pay a fine of not less than $50 and not more than $500 for each offence.

2. No license shall be issued to any person, firm or corporation to carry on business as specified in section 1 of this act, until the applicant shall have filed with the clerk of the circuit court of the county, or of the corporation court of the corporation, wherein said business is to be conducted, a bond, with security to be approved by the said courts or judges thereof in vacation, in the penalty of one thousand dollars, payable to the commonwealth of Virginia, and conditioned for the faithful performance by the licensee of the duties and obligations pertaining to the business so licensed, and the prompt

payment of any judgment which may be recovered against said licensee on account of damages or other claims arising directly or collaterally from any loan of money or sale of wages or salary.

3. Should any surety on such bond become insolvent, the said judge shall immediately require the licensee to file an additional bond with good security, and on failure to file such additional bond within ten days after being so required to file the same, said licensee shall stand ipso facto revoked.

4. If it be agreed by the borrower and the lender at the time the loan is made the lender may charge for investigating the security and title and closing the loan, a fee of not more than fifty cents where the amount borrowed is five dollars or less; not more than seventy-five cents where the amount is more than five dollars and not more than ten dollars; and not more than one dollar where the amount borrowed is more than ten dollars, and not more than twenty dollars; and not more than one dollar and fifty cents where the amount borrowed is more than twenty dollars and not more than thirty-five dollars and not more than two dollars where the amount borrowed is more than thirty-five dollars, which said fee may be charged if so agreed, upon each original loan, or any renewal thereof: provided, however, that no fee whatever shall be allowed on any renewal or extension, which occurs within sixty days from the time of making the loan or from the time of the last renewal; and provided, further, that the fee provided for in this section shall not be charged on any renewal made after the expiration of four months from the date of the original loan, but that all renewals made after said four months shall be as fees not greater than one-half of the amounts herein provided: and provided, further, that any loan which shall be made between said parties within ten days after the payment of a pre-existing loan of approximately the same amount, shall in all cases be construed prima facie to be a renewal of said pre-existing loan. No original loan shall be split up into smaller loans in order to increase the fees allowed; but if two or more loans be made at or about the same time between the same parties, they shall be construed to be but one original loan, unless the contrary plainly and unequivocally appears.

5. Any interest charged by the lender to the borrower in excess of the present legal rate of interest, or any fee, fine or charge whatsoever charged by the lender against the borrower, whether for negotiating a loan or for commission, examinations, attorney's fee or any other bonus, or additional charge whatsoever, to those allowed in section four of this act, shall be considered as a payment on the principal of said loan, and the same shall be credited with the amount of said additional charge or excess, and the license of the person, firm or corporation making such additional or excessive charge may, in the discretion of the circuit court of the county or corporation court of the corporation wherein such business was licensed, be revoked.

6. It shall be unlawful for any licensee under this act to charge any sum of money for fire insurance on any article of personal property pledged as security for any loan or any fee for recording any papers connected with any loan or sale, under the terms of this act except such as are actually paid by such licensee.

7. If any person, firm or corporation shall engage generally, regularly or collaterally to some other business in the business of making loans or purchasing wages or salaries, as prescribed in section one of this act, without first obtaining a license for carrying on such business in the city, town or county, in which said business is transacted, or shall continue to conduct said business after the forfeiture or cancellation of the license under which the same is conducted, then no suit or action shall be maintained for the enforcement of any such loan, or any security given for such loan, or any assignment of wages or salary.

8. Every individual, firm or corporation desiring the privilege of conducting business under the provision of this act, shall pay therefor a license tax of One Hundred Dollars.

9. This act shall not apply to any loan in excess of $150 actually and bona fide made at any one time, and shall not prevent any merchant or any other person who sells provisions, wearing apparel, household goods or furniture to wage-earners from taking as security therefor an order for or assignment of wages: provided, however, that no interest, bonus or rebate is charged or taken, directly or indirectly, upon the sale or amount of the debt contracted or from the amount of wages, and that the property is sold at no higher price than like property is sold on credit to other persons than such wage-earners.

10. All acts and parts of acts in conflict with any of the provisions of this act are hereby repealed.

APPENDIX XVII.

New York law of 1904, Section 77:

SECTION 1. Any person or persons, firm, corporation or company, who shall after the passage of this act make to any employee an advance of money, or loan, on account of salary or wage due or to be earned in the future by such individual upon an assignment or note covering such loans or advances, shall not acquire any right to collect or attach the same while in the possession or control of the employer, unless within a period of three days after the execution of such assignment or notes and the making of such loan or loans, the party making such loans and taking such assignment shall have filed with the employer or employers of the individual so assigning his present or prospective salary or wages, a duly authenticated copy of such agreement or assignment or notes under which the claim is made.

§ 2. No action shall be maintained in any of the courts of this state, brought by the holder of any such contract, assignment or notes, given by an employee for moneys loaned on account of salary or wages, in which it is sought to charge in any manner the employer or employers, unless it shall appear to the satisfaction of the court that a copy of such agreement, assignment or notes, together with the notice of the lien, was duly filed with the employer or employers of the person making such agreement, assignment or notes, by the person or persons, corporation or company making such loans within three days after the said loan was made and the said agreement, assignment or notes were given.

§ 3. This act shall take effect immediately.

APPENDIX XVIII.

Massachusetts law of 1906:

AN ACT RELATIVE TO THE ASSIGNMENT OF WAGES.

Be it enacted, etc., as follows:

SECTION I.—No assignment of future wages shall be valid for a period exceeding two years from the date thereof, nor unless made to secure a debt contracted prior to or simultaneously with the execution of said assignment, nor unless executed in writing in the standard form herein set forth and signed by the assignor in person and not by attorney, nor unless such assignment states the date of its exe-

cution, the money or the money value of goods actually furnished by the assignee and the rate of interest, if any, to be paid thereon.

SECTION II.—No such assignment shall be valid unless a copy thereof is delivered to the assignor by the assignee at the date of the execution of such assignment. No such assignment shall be binding on the employer of the assignor until a copy of the assignment and an account, which shall conform to the requirements hereinafter stated, have been delivered to said employer. Said account shall be in writing and shall contain a statement of the balance due and of the sums of money received by the assignee, together with the date of every such payment and a statement as to whether such payment is interest, a payment on the principal, or, in case of a loan, a payment on the charge for making and securing the loan.

SECTION III.—The term "assignment," as used in this act, shall include every instrument purporting to transfer an interest in or an authority to collect the future wages of a person.

SECTION IV.—Said standard form of assignment shall be as follows:

KNOW ALL MEN BY THESE PRESENTS.

That I..... of.....
in the county of....., for a valuable consideration, to me paid by..... of.....,....,
the receipt whereof I do hereby acknowledge, do hereby assign and transfer to said.....all claims and demands (which I now have, and all) which within a period of, from the date hereof I may and shall have against my present employer, and against any person whose employ I shall hereafter enter, (for all sums of money due and) for all sums of money and demands which, at any time within said period may and shall become due to me, for services as.....
To have and to hold the same to the said....., his executors, administrators and assigns, to secure a debt.

(1) Of.....dollars (with interest thereon from..... at the rate of.....per cent per annum), for money (or goods), actually furnished by the assignee amounting to..... dollars.

(2) Contracted prior to the execution of this assignment.

(*or* contracted simultaneously with the execution of this assignment.)

IN WITNESS WHEREOF, I have set my hand this.....day of

Signed and delivered, in presence of.....
h.....m.....M. Received and entered in records of assignment of wages in the clerk's office of the of....., book, page.....

....., Clerk.

SECTION V.—An assignment of wages made in accordance with the provisions of this act shall bind all wages earned by the assignor within the period named in such assignment.

SECTION VI.—All acts and parts of acts inconsistent herewith are hereby repealed.

APPENDIX XIX.

List of the principal salary loan offices in New York City with their addresses:

Brown, Albert, 170 Fifth Avenue.
Buell & Company, 106 Fulton Street.
Carr & Company, 116 Nassau Street.
Chesterkirk, R. C., 203 Broadway.
" 29 West 42nd Street.
Elwood, H.,(a) 206-208 Broadway.
Graham, Walter, 150 Nassau Street.
Harper Realty Co., 116 Nassau Street.
Heron & Co., 99 Nassau Street.
Howard, C. A., (b) 73 West Eleventh Street.
Lenox Discount Co., 39 Union Square.
Mason Financial Co., 116 Nassau Street.
Moore & Co., 299 Broadway.
Mullin, J. G., 150 Nassau Street.
New Jersey Finance Co., 99 Nassau Street.
Piermont Finance Co., 116 West 39th Street.
Patterson & Co., 150 Nassau Street.
" 32 Union Square.
" 40 Court Street, Brooklyn.
Smith, L. G., 71-73 Nassau Street.
Standard Credit Co., 299 Broadway.
Tolman, D. H., 106 Fulton Street.
" 31 West 42nd Street.
" 373 Fulton Street, Brooklyn.
Weber, Daniel, 110 West 34th Street.
Wells & Co., 95 Nassau Street.

(a) This office was opened about April 1, 1908.

(b) The business of this office was purchased April 15, 1908, by Burt Bros., who have opened an office at 78 Fifth Ave.

APPENDIX XX.

A bill drafted by Dr. Samuel McCune Lindsay, Professor of Social Legislation, Columbia University, and Mr. Frank Tucker, Vice-president of the Provident Loan Society, New York City:

An Act to amend the banking law, to provide for the supervision and regulation of the business of making loans on pledges of personal property, chattel mortgages or assignment of salary or wages, by the banking department under the direction of the Superintendent of Banks of the State of New York, and under the immediate direction of a deputy, clerks and examiners, to authorize the appointment of the same by the Superintendent of Banks and to fix their compensation and to defray the expenses thereof.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Chapter 689 of the Laws of 1892, entitled "An Act in relation to banking corporations," is hereby amended by adding the following section, to be known as Section :

Paragraph 1. Every person, firm or corporation engaged in or seeking to engage in the business of loaning money on the security of personal property deposited with the lender, a transaction commonly known as pawnbroking; or upon personal property remaining in the possession and use of the borrower, a transaction commonly known as a chattel mortgage; or upon the security of an assignment of salary or wages either earned or to be earned, a transaction commonly known as salary loan, shall on or before the first day of July next ensuing the passage of this act, file with the Superintendent of Banks in such manner and in such form as he may direct, a certificate stating the name and residence of the individual; or in the case of a firm, the names and residences of the partners; or in the case of a corporation, the names and residences of the officers and directors, managers or trustees of such corporation; and the place or places where said business is transacted by such individual, firm or corporation. The certificate shall state the amount of capital paid up and employed at the date of making such certificate and all other funds used as loanable capital in said business and obtained in any other manner than through capital contribution. The certificate shall state the amount of loans outstanding at the close of business on the last day of the month preceding the date of the certificate. The certificate shall give

a full schedule of the rates of interest charged for all loans, together with a full statement of each and every charge other than interest in connection with the making of such loan.

The certificate when received by the Superintendent of Banks and receipt acknowledged by him in writing to the person, firm or corporation engaged in the business set out in paragraph one of this section, shall constitute a license to carry on said business until the same is revoked by the Superintendent of Banks. After July the first next ensuing the passage of this act it shall be unlawful to engage in the business of loaning money in the manner set out in this act without a license from the Superintendent of Banks.

It shall be a violation of this act for any person, firm or corporation licensed by the Superintendent of Banks to engage in the business of loaning money in the manner set out in paragraph one of this section, to engage in or have a financial or other interest in any other business on the same premises.

Paragraph 2. The Superintendent of Banks shall inspect or cause to be inspected from time to time and as frequently as may be practicable, the books, accounts and records of all persons, firms or corporations engaged in the business set out in paragraph one of this section, and shall prescribe the forms, books and records of all transactions in said business and shall require periodic and annual reports to be made to him upon such matters in connection with said business as may in his judgment be of public concern.

Paragraph 3. The Superintendent of Banks shall have the power to determine what is a reasonable rate of interest to be charged by any person, firm or corporation upon loans of the kind described in paragraph one of this section, and when he shall have determined what is a reasonable rate of interest that rate shall be the maximum legal rate which may be charged by any person, firm or corporation upon loans of the kind described in paragraph one of this section. After July the first next ensuing the passage of this act, it shall be a violation of this act to make any charge other than the interest rate fixed by the Superintendent of Banks for any service connected with the making of loans of the kind set out in paragraph one of this section.

Paragraph 4. The Superintendent of Banks may cancel the certificate filed with the banking department and revoke the license of any person, firm or corporation refusing to furnish the information requested by him, or failing to report as he may require, or otherwise not conforming to the provisions of this act and such rules and regulations as he may prescribe under this act for the business of making loans upon the kinds of security specified in paragraph one of this section.

Every person, firm or corporation which shall on and after the first day of July next ensuing the passage of this act, engage in the business of loaning money upon the security and in the manner specified in paragraph one of this section without first obtaining a license to engage in such business from the Superintendent of Banks, and every person, firm, corporation, director, agent, officer, or member thereof who shall violate any provision of this section directly or indirectly or assent to such violation shall be guilty of a misdemeanor.

Paragraph 5. For the purpose of carrying out the provisions of this act the Superintendent of Banks shall have power to appoint a deputy who shall within fifteen days from the time of notice of his appointment take and subscribe the constitutional oath of office, and

file the same in the office of the Secretary of State, and to employ from time to time such clerks and examiners as he may need to discharge in a proper manner the duties imposed upon him by this act, and he shall have power to fix the compensation of said deputy and said clerks and examiners which shall be paid monthly on his certificate and upon the warrant of the comptroller in the first instance out of the treasury. All of the expenses incurred in the administration of this section of the banking law, including the salary of the deputy, clerks and examiners shall be charged to and paid by the persons, firms and corporations engaged in the business specified in paragraph one of this section, in like manner as the other expenses of the banking department are now charged to and paid by the businesses, corporations and individuals whose activities are supervised or regulated by said banking department.

The Superintendent of Banks shall fix the license fee to be paid by any person, firm or corporation who shall be licensed by him to engage in the business of loaning money in the manner set forth in this section, which license fee need not be uniform throughout the State. This license fee shall be paid to the locality in which such business is conducted. The fiscal year for such license fee shall be the calendar year. For the purpose of collecting such license fee the Superintendent of Banks shall certify to the fiscal officer of each locality charged with the collection of revenue on or before the fifteenth day of January in each year a list of the persons, firms and corporations licensed by him under the provisions of this section. Every person, firm and corporation licensed under this section shall file with the Superintendent of Banks on or before the first day of February in each year a receipt from the fiscal officer charged with the collection of revenue in the locality where the business of such person, firm or corporation is licensed showing that the license fee for the fiscal year is paid. Failure to file such receipt shall be a violation of this section. For the fiscal year 1908 such list shall be certified by the Superintendent of Banks on or before August 1, 1908, and a proportionate part of any sum already paid as a license fee for conducting a business of loaning money under the conditions prescribed by paragraph one of this section for a fiscal year which extends beyond July first of the calendar year 1908, shall be credited as a part payment of the license fee certified by the Superintendent of Banks for the six months of the fiscal year 1908 beginning July 1.

Paragraph 6. The Superintendent of Banks shall upon the written request of the official head of the legally constituted police force of the locality in which such business is licensed, authorize by written certificate such members of the local police force as he may consider proper to inspect the records of loans made by any person, firm or corporation making loans upon personal property deposited with the lender as set forth in paragraph one of this section. The Superintendent of Banks shall require any person, firm or corporation making loans upon personal property deposited with the lender as set forth in paragraph one of this section to make such reports daily or otherwise to the official head of the legally constituted police force of the locality in which such business is licensed as said head police official may consider proper and in the public interest.

Paragraph 7. The Superintendent of Banks shall report annually in his report to the legislature such facts as he may deem proper concerning the business specified in paragraph one of this section together with recommendations for any additional legislation necessary for its

proper regulation and control and he shall include in said annual report copy of all rules, regulations and orders issued by him and in force applying to the business set out in this section.

Paragraph 8. All acts or parts of acts inconsistent with this section of the banking law are hereby repealed. All powers and duties relating to and regulating the business of loaning money on the security of personal property deposited with the lender, a transaction commonly known as pawnbroking; and upon personal property remaining in the possession of the borrower, a transaction commonly known as a chattel mortgage; and upon the security by an assignment of salary or wages either earned or to be earned, a transaction commonly known as a salary loan, heretofore conferred upon any municipal or county authorities by the provisions of any general law, or of any special law, are hereby repealed.

Paragraph 9. This act shall take effect immediately.

VITA

The author was born in Black Hawk County, Iowa, Oct. 23, 1877. He attended the Iowa State Normal School at Cedar Falls, Iowa, four years, graduating with the degree of Master of Didactics in 1900. He taught in the public schools of Hudson, Iowa, one year. He attended the State University of Iowa, doing special work in Political Economy and Sociology, and received the degree of Bachelor of Philosophy in 1903 and the degree of Master of Arts in 1904. He held a Scholarship in Economics for the year 1903-04, and a Fellowship in Economics for the year 1904-05, in the School of Political and Social Science at the State University of Iowa. He was appointed Instructor in Economics and Sociology in the University of Iowa in 1905. In May, 1907 he was appointed to a Research Fellowship in the New York School of Philanthropy.